



6

Huawei in Canada: Doing Business in the Midst of Game of Thrones

Hadi Chapardar, William X. Wei,
and Houssam Chamseddine

On December 1, 2018, Meng Wanzhou, CFO of Huawei and daughter of Huawei founder, Ren Zhengfei, was on one of her frequent international business trips. Her planned travel would take her to Mexico City, Costa Rica, Argentina, and France (Proctor 2018), but she wound up in a different location for the years to come: While transiting through Vancouver International Airport, she was held and interviewed for three hours by the Canada Border Services Agency (CBSA). This interview led to a provisional arrest warrant by the Royal Canadian Mountain Police (RCMP). Meng's detention stemmed from an arrest warrant issued by a judge in New York in August 2018, and it was made in Canada under the terms of an extradition treaty between the U.S. and Canada (Fraser 2019).

The arrest made headlines four days later when it was announced on December 5, 2018. China was quick to demand her release stating that "The detention without giving any reason violates a person's human rights" (BBC 2018). Huawei took a similar position defending its

H. Chapardar (✉) • W. X. Wei • H. Chamseddine
School of Business, MacEwan University, Edmonton, AB, Canada
e-mail: chapardarh@macewan.ca; WeiX@macewan.ca

CFO. Later, her defense team would allege that Canadians were acting as agents of the Federal Bureau of Investigation (FBI) when it became clear that a Canadian officer had collected Meng's electronics in anticipation of a request from the Federal Bureau of Investigation in the U.S. (Smart 2019). In fact, U.S. investigators had begun investigating Huawei for a possible violation of sanctions against Iran since 2016 (Freifeld 2018), which led to filing charges of fraud against Meng. This alleged fraud centered around Skycom, a company that did business in U.S.-sanctioned Iran. According to prosecutors, Skycom was a hidden subsidiary of Huawei with Meng serving on its board of directors (Proctor 2018). They add that Meng attempted to evade U.S. sanctions in relation to the movement of money out of Iran.

Regardless of the interactions among politicians, which is out of the scope of this chapter, the case of Huawei is an interesting one from a business strategy perspective, especially if studied in the context of Huawei's business in North America before and after the arrest. In fact, this case is an outstanding example of increased and disruptive interactions between firms and governments. Management and business scholars have long studied the impact of such interactions on business. In most of these studies, governmental politics takes the form of exogenous forces that influence business decisions, such as decisions about geographical targets for internationalization. These forces are often given: Firms take them for granted and adapt to them. With the growing power of multinational firms across the world, business actors have taken more agentic roles in their interactions with political actors, especially those about the role of Western multinationals in developing countries.

Nonetheless, the dynamics among Huawei and different governments, including the governments of the U.S., Canada, and China, represent a unique situation in which a non-Western firm becomes an actor in the global game of thrones—an actor doomed to be politically scrutinized due to the nature of its business. What brings Huawei into these dynamics is mostly its pioneer position in IT, especially its game-changer 5G technology. Such technologies can result in opportunities and threats for host states, which incentivize politicians to intervene in the regular flow of free market and long-supported globalization trends. Firms playing in

such a field need to develop new political capabilities to secure their business.

In this chapter, we adopt a business perspective to this multi-actor setting, aiming to contribute to the fields of strategy and international management. We are particularly interested in understanding how Huawei attempted to protect itself by focusing on its business in Canada after it faced direct political threats in the U.S., epitomized by the arrest of its CFO in Canada. To this end, we first briefly review the existing literature on business-government political interactions from a broad perspective. Then, adopting a case study qualitative method aligned with event-history process research (Langley 1999), we build on publicly available data and introduce Huawei's business expansion in North America, including its business in 5G technology. Taking the arrest as a critical event, we also briefly review the key post-arrest actions by various actors, by the end of Winter 2020. Although politics is interwoven in the studied phenomenon, we do our best to remain politically neutral in order to academically explore the implications of such disruptions for business. We discuss these potential contributions and opportunities for future business research. Given that at the time of writing this chapter the case is not concluded yet, future research can also shed light on how successful Huawei's strategies will be in the long term.

1 Business and State-Level Politics: A Broad Review

Conventional business literature often views political forces as a set of exogenous variables, albeit with uncertainties, that managers should consider in decision-making (e.g., Porter 1980, 1990). More specifically, in expansion to new markets, international business scholars have long studied the impact of state-level policy and politics in the selection of new locations and adoption of entry strategies by multinationals. A subset of these studies tries to explore the role of uncertainty in policy and political environments on firm decisions (Delios and Henisz 2003). In its simplest form, political uncertainty is a location disadvantage and may

discourage a firms' entry to a country. Such studies, for instance, suggest that political uncertainty in cross-border acquisitions alters the relative bargaining power between the two companies, as it makes the foreign acquirers demand compensation (Lee 2018).

Despite the conceptual differences between uncertainty and risk (Sarasvathy 2001; Orlitzky and Benjamin 2001), scholars have also explored this area under the divergent concept of political risks (Fitzpatrick 1983). Political risk is defined as "home or host country intervention in international business activities" (Ring et al. 1990: 143). Political risk includes various factors such as endemic corruption, government instability and frequent regime change, war, weak regulatory enforcement mechanisms, boycotts, and trade restrictions (Bekefi and Epstein 2006; Kobrin 1979; Ring et al. 1990). In their international expansion strategies, firms demonstrate substantial interest in the ability of the host country's government to credibly commit to a set of policies (Kobrin et al. 1980).

In a relevant but distinct stream of the literature, scholars who study "institutional voids" explore how the lack of different types of institutions can influence the international practice of firms. Scholars have also explored the contexts characterized by "political hazard," that is, where policy-makers can act unilaterally or policy is volatile due to factors such as exogenous shocks or policy-makers' preferences (Delios and Henisz 2003). In such contexts, firms need particular capabilities to, for instance, "detect and safeguard against opportunistic behavior on the part of a host country government or by partners, buyers, suppliers, and competitors that may seek to influence a host country government" (Delios and Henisz 2003: 1155).

Interestingly, political hazard is often ascribed to countries with weak policy structures and noticeable institutional voids, where, for example, potential risk of expropriation or forced renegotiation of contracts influence managers' investment decisions (Maitland and Sammartino 2015). What is less explored in the literature is the interesting case of political uncertainty in the contexts broadly characterized by policy stability. In developed countries, where strong regulatory institutions are in place, political uncertainty can take new and less explored forms, such as disruptions due to radical political party changes which may impact, for

instance, the country's international commitments, or rising national security concerns around a particular industry or country.

Furthermore, in host countries characterized by political stability, firms' internationalization strategies are influenced by "political affinity" between their origin and host countries. Political affinity is defined as the similarity of national interests in global affairs (Gartzke 1998). When political affinity is high, countries pose lower threats to each other's interests (Dixon and Moon 1993), which impacts multinationals in various ways, such as their merger and acquisition (M&A) decisions (Bertrand et al. 2016).

Political affinity is a complex concept with various dimensions, shaped and evolved in the long term. For instance, trade agreements and treaties are part of political affinity. Such treaties are of particular importance to firms. In expanding their international business, firms are sensitive to bilateral investment treaties, as such treaties can safeguard their future business in various ways. Hence, the existence of bilateral treaties is an advantage for an average firm making internationalization decisions. Nonetheless, some firms can also benefit in the lack of such treaties. Albino-Pimentel et al. (2018) demonstrated that firms with non-market capabilities are insensitive to such "supranational" institutional safeguards when expanding their international investments. In other words, in contrast to other firms, those firms with various forms of non-market capabilities are not sensitive to the absence of such provisions. Thus, non-market capabilities can obviate the need for such institutional arrangements in addressing cross-border risks.

As such, firms operating in international contexts vary in their response to policy risk in the host countries due to the differences in their capabilities for political risk assessment and managing the policy-making process. Prior experience in high-risk countries, for instance, can enhance such firm capabilities (Feinberg and Gupta 2009). These capabilities influence a multinational's strategies in various ways. For example, in their study on global electric energy generator companies, Holburn and Zelner noticed that firms from countries "characterized by weaker institutional constraints on policy makers or greater redistributive pressures associated with political rent seeking" are less sensitive to the policy risk in the host country (Holburn and Zelner 2010: 1290). Such firms tend to invest in

riskier host countries, where they can leverage their political capabilities. It is insightful to notice that multinationals practicing under such conditions tend to orient the business of their subsidiaries in such contexts within the company's global structure, rather than relying on external market (Feinberg and Gupta 2009).

It should be noticed that political stability, uncertainty, and risk are conceptually different from political hazards and disruptions. In fact, these two sets of factors impact individual firms through different mechanisms. Moreover, empirical studies suggest that political hazards and conflicts with governments follow different patterns compared to those with non-government actors. In a study on multinationals from and in various countries involved in arm-force disruptions, Oh and Oetzel (2017) demonstrated that the ability of a firm to leverage its experience with political risk across borders is dependent on the type of risk: In nonstate violent conflict situations, the firm's experience may be transferrable to other contexts, yet for conflicts involving the host country government, only country-specific experience may provide benefits.

Despite the value of firm's political capital, non-market capabilities, and political networks in managing political challenges across the borders, these are all double-edge swords. While a firm's political network can be an asset, it may also become a liability, particularly when rivalry exists between governments. In the context of China, Yan and Chang's (2018) study on steel companies demonstrated that while a firm's political connections to a focal government enhance performance, its connections to a rival government has a reverse effect proportionate with the intensity of rivalry. This observation is of particular importance when the results are generalized to competing governments across the world, such as the situation in which Huawei does business in North America.

Overall, when the rivalry across the countries intensifies, such as the existing U.S.-China tensions, the complexities of political risks of doing cross-border business grow. Given the intertwined nature of political and trade global interactions, the emergence of multinationals from BRICS (Brazil, Russia, India, China, and South Africa) and developing countries that change the direction of technological flow across the globe has dramatically furthered these complexities, opening a new chapter in geo-strategic studies, with a particular focus on the role of business in political

interactions as well as the impact of political conflicts on business. Business disruptions due to political factors, such as what Huawei faced in the U.S., generate new questions about how firms respond to political hazards. The case of Huawei can shed light on some of these questions and open new avenues to develop knowledge in this area. To this end, in the next section, we provide a narrative of how the company practiced under unfavorable political situations.

2 Huawei's Business in North America

2.1 Business Profile

In general, the company's global business operates three main business groups, followed by a smaller but growing group. Two of the three main groups, the Carrier group and Enterprise group, target the B2B (Business-to-Business) market with its third Consumer Business targeting B2C (Business-to-Consumer) transactions. According to Huawei's 2018 annual report, its Carrier business accounted for \$36.3 billion of Huawei's \$105.2 billion of revenue, or 34.5%. The Enterprise business groups made up \$10.8 billion and the Consumer Business generated \$50.8 billion of revenue (Huawei 2018b). Combined, Huawei's 2018 revenue was up 19.5% from 2017.

The first group, the Carrier Network Business Group, provides solutions including wireless and fixed networks, automotive driving network solutions, IT infrastructure, service and software, and network energy solutions to major communications carriers worldwide (Huawei 2020c). This business group is responsible for the deployment of 4G and 5G networks worldwide. As of November 21, 2018, this group had 22 commercial contracts for 5G networks worldwide (Huawei 2018a).

Established in 2011, the Enterprise Business Group provides products and services such as Wi-Fi, All-Flash Storage, switches and networking gear, data center solutions, software-defined AI cameras, and a variety of others to 25,000+ enterprises worldwide. They market toward partners

that include smart city, public safety, finance, oil and gas, and transportation, among others (Huawei 2020a).

Huawei's third major business group targets consumer market and is its most widely recognized business group. This group sells personal handsets and smartphones. Starting as a low-cost component and assembly provider to other phone makers, Huawei has grown this business group into a proprietary brand, a key component in their current and future growth strategy. Huawei expanded into other smart devices, such as Huawei Watch, Huawei Mediapad, and fitness watch, and have even designed their own operating system and artificial intelligence (AI) (Huawei 2020e).

In April 2017, Huawei announced the launch of an additional separate business group to provide cloud business solutions to corporations around the world. With an initial investment of \$1 billion, Huawei planned to both independently and through partnerships create a new public cloud platform (Jiang 2017). As of January 2020, solutions provided include computing, storage, and networking services (Huawei 2020d).

2.2 The 5G Technology: Where Controversies Are Nested (Or Not)

The fifth generation (5G) of mobile wireless communications is deemed a quantum leap in the technology: It improves on the previous generation by providing lower latency, offering greater stability and the ability to connect to many more devices at once, and increasing data transfer speeds. 5G does this by using higher-frequency bands in the radio spectrum. These waves are faster and therefore have higher capacities but shorter wavelengths. They travel shorter distances before being disrupted. 5G combined with 4G LTE (Long-Term Evolution) networks are expected to be 10–20 times faster than 4G networks (BBC News 2020). Standalone 5G could allow mobile internet to be as fast as, if not faster than, hardwired fiber connections with gigabit-plus browsing speeds.

Other than the benefits to consumers highlighted above, 5G promises to expand the number of business applications that are possible. As stated,

tapping into 5G technology allows for more devices to be used in the same cell area. The cell tower hardware is also significantly smaller, meaning that they can be placed at a higher density. These two factors make technologies such as autonomous driving networks, connected logistics-transport-infrastructure, robotics, blockchain, industrial Internet of Things (IoT), smart factories, and augmented/virtual/mixed reality possible. Increased efficiency, production, reduced costs, and quicker innovative breakthroughs are all by-products of the use of 5G networks. To take advantage of 5G, businesses must develop strategies to prepare and take advantages of it (Marr 2019).

There are at least four major companies that have worked at developing 5G gear. These include the Chinese firms Huawei and ZTE China, Swedish Ericsson, and Finnish Nokia. On the device side, manufacturers that are involved in the production of communications chips that allow for 5G use include U.S.-based Qualcomm and Taiwanese MediaTek while Samsung and Huawei develop their own chips for their mobile phones. Qualcomm's owning of a large number of 5G patents means that chip and gear makers must pay licensing fees to use the IP (Auchard and Nellis 2018).

As of 2019, Huawei has released some of its 5G technology to the market. The Kirin 990 chipset, which powers Huawei's flagship Mate 30, is 5G optimized (The Associated Press 2019). Huawei became the first company to launch a chipset supporting the 3GPP standard for 5G and the first 5G Customer Premise Equipment powered by the chipset, doing so at the Mobile World Congress 2018. It was the first vendor to complete all three phases of China's 5G technology R&D (research and development) test on non-standalone and standalone 5G architecture. In recognition of their capabilities, many carriers around the world have partnered up with Huawei on commercial tests of the technology. Huawei's commitment to 5G carries over to its other businesses as well. After becoming an industry leader in massive MIMO (multiple-input multiple-output) technology, Huawei's 5G microwave deployment has kicked off in a commercial capacity. In cloud core network and IT development, Huawei's solutions support smooth evolution toward 5G core networks (Huawei 2018b).

With such a position in advancing the systems that shape the next generations of communication technology, it is not surprising that political factors become inseparable variables in a seemingly business-driven equation. Indeed, these political aspects were never absent in Huawei's business interactions in North America. To fathom the complexities of Meng Wanzhou's arrest, we also need to understand the historical path of the company and its founder.

3 The Political and Business Path-Dependence of an Arrest

Reference to Huawei in West was rarely separate from his founder's political past. Born on October 25, 1944, Ren Zhengfei was brought up in a remote mountainous area of the Guizhou Province. He attended the Chongqing Institute of Civil Engineering and Architecture in 1963 studying Civil Engineering. After some years working in the industry, Ren joined the Chinese military's Engineering Corps in 1974 where he would serve for nine years. In 1982, one year before his retirement from the military, Ren attended the National Congress of the Communist Party of China (Huawei 2020f). Ren's connection to the Communist Party remained a major source of the security concerns raised by many host countries to which Huawei internationalized later.

Ren Zhengfei started Huawei in 1987, initially as a phone switch manufacturer (Ahrens 2013). The company made its first switch by 1993 and the Chinese Army became one of its first clients (Johnson and Groll 2019). By 1996, The *Far Eastern Economic Review* reported that the Chinese policy shifted to favor domestic telecom companies over foreign ones (Gilley 2000). Huawei used this opportunity to expand domestically matching the market share of Shanghai Bell by 1998.

In 2001, Huawei set up its first office in the U.S. This was part of its globalization strategy that saw it rise from a small player in the Chinese market to a global leader in telecommunications business. To this end, Huawei explored many opportunities, from organic growth to acquisitions. Starting in Plano, Texas, in November 2003, Huawei created a

joint venture with 3COM to sell routers and switches (Gross 2003). Yet its 2008 attempt to purchase a 16% stake in 3COM was blocked by lawmakers over security concerns (Weisman 2008). By 2011, Huawei in the U.S. had grown to 12 branch offices, 7 R&D centers, and more than 1100 employees (Huawei 2020b).

Huawei's Canadian operation started in 2008 selling low-price devices on small carrier networks. The early 2010s signaled an increased Huawei commitment to Canada. First in 2010, Huawei opened a R&D center in Ottawa, Ontario. This was followed up with the opening of a new headquarters in Markham, Ontario, in 2011 (Luong 2011). In 2014, Huawei switched gear and started selling higher-end mobile devices on large carrier signaling to Canadians that it had arrived through extensive nationwide advertisement campaigns (Robertson and Castaldo 2018).

As common in the world of business, Huawei's early years in North America saw several legal claims. For instance, in January 2003, Cisco Systems Inc. filed a lawsuit against Huawei, accusing it of copying its IP (Duffy 2003). Then, in 2010, Motorola filed a corporate espionage lawsuit but later settled with Huawei (Wahba and Lee 2010). In September 2013, T-Mobile sued Huawei over theft of a robot arm named "Tappy" that tests smartphones. Huawei dismissed two workers stating they were acting inappropriately (Fried 2014).

None of these common legal challenges in the world of business, however, equaled the higher-level threats imposed on the company due to security concerns, mainly raised by state-level actors. The idea that Huawei was linked to the Chinese military surfaced in 2005. The accusation was based on the fact that Huawei conducted research with the Chinese military as its political patron (Medeiros et al. 2005). This was the beginning of raising concerns about Huawei's business, followed by various accusations of and actions against Huawei, which still continue.

To name a few of these accusations and actions, in 2007, the FBI interviewed Ren Zhengfei about potential Iran sanction violations (Lahiri 2019). Based on such concerns, November 2010 saw Sprint Corp., one of the largest American telecommunication companies, excluding Huawei from bidding on a contract due to security concerns (Lublin and Raice 2010). Then, in October 2012, a House of Representatives committee issued a report warning against using equipment from both Huawei and

ZTE (Lahiri and Hui 2019). This was followed in 2013 by a report that a Huawei affiliate tried to sell U.S. telecommunications equipment to Iran in violation of U.S. trade sanctions. Meng Wanzhou, as a member of the board, was among those who were named in this report (Lahiri and Hui 2019). In 2016, the U.S. Commerce Department issued a subpoena to Huawei to probe whether the company violated U.S. export controls on the export of American technology to Cuba, North Korea, Syria, and Sudan over the previous five years (Mozur 2016). In May of 2018, the Pentagon banned the sale of Huawei and ZTE phones in stores on military bases over concerns that the Chinese government could spy on their communications through Huawei (Holt 2018). August of the same year saw the NDAA (National Defense Authorization Act) come into effect barring government agencies from buying equipment or services from Huawei (Shu 2018).

Finally, on December 1, 2018, a major stumble in the U.S.-Huawei relationship occurred, but this time in Canada. Meng was arrested in British Columbia at the request of U.S. law enforcement over the suspicion of violating traded sanctions in Iran. Symbolically enough, the arrest took place on the same day Donald Trump and Xi Jinping were meeting in Argentina to reduce trade tensions (Lahiri and Huang 2018).

Although Meng was once a permanent resident of Canada, she had a hard time getting bail as Canadian prosecutors deemed her a flight risk due to her wealth and position. Eventually, her lawyers managed to get her released on conditions that include \$7 million in bail, guarantees from five close friends, as well as around the hour guards. Meng remained till this day under guard while waiting on a ruling on whether Canada will be extraditing her to the U.S. to face the charges against her (Proctor 2018). But her arrest epitomizes how political interactions can impact, if not disrupt, a firm's strategy.

4 A Firm in a Multi-Actor Political Setting

The months following Meng Wanzhou's arrest were fraught with political and legal controversies, actions, and reactions taken by various actors, including different governments and Huawei itself. Understanding

business implications of the phenomenon needs understanding these dynamics. In this section, we quickly review the actions taken by the focal actors.

4.1 Actions by the U.S.

The arrest of Meng Wanzhou was a new beginning of what seemed to be hostile actions by the U.S. government toward Huawei. The proverbial “carrot,” however, came a few days after the “stick,” that is, when President Trump suggested that he could intervene in the Justice Department case against Meng if it would help secure a trade deal from China (Holland et al. 2018). Yet there seems to be no publicly available evidence showing that this intervention happened at a noticeable level in the months to come. The next “stick” was shown weeks after Meng Wanzhou’s arrest in Canada, on December 28, when the Trump administration announced it had been considering a formal ban of Chinese manufacturers Huawei and ZTE for more than eight months. This executive order would ban American carriers from buying equipment from Chinese companies on the grounds of national security (Shepardson and Bartz 2018).

On January 28, 2019, formal criminal charges were filed by the U.S. Justice Department against Huawei and Meng Wanzhou. The charges against Meng alleged that she committed wire fraud, obstructed justice, conspired to launder money, and violated the International Emergency Economic Powers Act (IEEPA) by doing business with sanctioned Iran. The charges against Huawei were for allegedly stealing trade secret from T-Mobile surrounding the robot “Tappy,” for which Huawei was sued in 2013 (Fazzini 2019). The final charges came almost two months after the U.S. requested the Canadian government to arrest Meng and came with a request for her extradition.

4.1.1 U.S. Bans

U.S. actions after the arrest include new bans against China and Chinese companies. The first ban was imposed almost four month after the arrest,

when President Trump carried up on his December 2018 threat in March 2019 by signing an executive order that allows the federal government to block U.S. companies from buying foreign-made telecommunications equipment on the grounds of a national security threat. This ban was directed at Huawei and ZTE as the U.S. argued they could be forced to give the Chinese government access to backdoors that allow it to spy on Americans (Lecher 2019b). Soon after, Huawei launched a lawsuit against the U.S. government objecting to the imposed ban as unconstitutional (Mikolajczak 2019).

The second ban came on August 7, 2019, as the Trump administration rolled out a rule that banned U.S. government agencies from doing business with five Chinese companies including Huawei. This ban governed federal purchases of telecommunications and video surveillance equipment and services. The ban itself was mandated by the National Defense Authorization Act (NDAA) signed the year before by Congress. The NDAA restrictions were not related to the U.S. Commerce Department's trade blacklist.

The Federal Communications Commission (FCC) became the third U.S. regulatory body to move against Huawei and Chinese companies when, on October 10, 2019, it announced plans to cut off funding to wireless carriers that use equipment the agency says may pose a national security risk (Reardon 2019). The FCC followed up on this plan on November 22, 2019, when it blocked U.S. telecom from using federal funds to buy Huawei equipment. This came after the FCC designated both Huawei and ZTE as a threat to national security. Huawei for its part signaled its intent to sue the FCC as it had sued the U.S. government in the past (Fung 2019).

Another piece to the U.S. ban was enacted on December 16, 2019, with the U.S. House of Representatives voting to pass legislation that would prevent the government from using funds to help carriers buy Huawei's telecommunications equipment as well as any equipment that was deemed a threat. Similar to the FCC's block, the Secure and Trusted Communications Network Act solidified the American position on Huawei and other Chinese telecommunications (Reichert 2019a).

The U.S. also lobbied their allies to ban Huawei with the president's chief technology officer targeting European countries on November 8,

2019, and criticizing them for not taking a stand with the U.S. in banning Chinese companies such as Huawei to stop them from dominating the 5G and AI markets (Keane 2019d). On November 23, 2019, U.S. representatives repeated their warning about Huawei and ZTE, labeling Huawei as a Trojan horse. This time the warnings were directed at Canadian representatives at the Halifax International Security Forum (Brewster 2019).

4.1.2 Relaxation in Bans

At the same time as the U.S. was rolling out bans on Huawei, the U.S. Commerce Department announced on May 1, 2019, that Google had received a 90-day extension allowing it to continue working with Huawei past the ban deadline. Google primarily provided Huawei with its Android software. This exemption allowed Google to continue sending software updates to Huawei phones (Meredith 2019). Later, on June 29, 2019, President Trump agreed to ease restrictions on Huawei by easing restrictions on U.S. companies that previously sold their high-tech gear to resume sales. This was touted as a part of a deal to resume trade talks with China and came about after a meeting with Xi Jinping, the Chinese president (CNET News Staff 2019). This 90-day extension would be extended multiple times by the U.S. Commerce Department, first on August 19, 2019 (Shepardson and Freifeld 2019), and again on November 19, 2019 (Keane 2019c).

Once the Trump administration started easing up restrictions, Congress introduced bipartisan legislation on July 16, 2019, to prohibit the removal of Huawei from the blacklist without an act of Congress. They did not agree with the president allowing Huawei to have the ability to compromise U.S. national security (Brown 2019).

Eventually, however, it became apparent that the ban on Huawei was affecting U.S. companies negatively. When the U.S. government announced it was accepting license requests from American companies wishing to do business with the Chinese corporation, 260 companies submitted requests. This prompted Commerce Secretary Wilbur Ross to announce that the U.S. government will grant licenses to allow sales to

Huawei on November 4, 2019 (Keane 2019e). Trade in these licenses, of course, all followed unidirectional sales to Huawei. In other words, not only the claimed security threats of Huawei were avoided, but the economic interests of the American sides were also protected.

4.1.3 Persuading Other Countries to Ban Huawei

When Secretary of State Mike Pompeo began his European tour in February 2019, his agenda included a warning to U.S. allies regarding their ties with Huawei. He warned about the dangers of giving Huawei access to their 5G networks and threatened that it would be harder for the U.S. to partner with nations that sustained their links with Huawei (Hamilton 2019). Though, it appears that these warnings have only persuaded a few governments to follow the lead of the U.S. to ban Huawei and other Chinese companies.

Before Meng's arrest, Australia banned Huawei from supplying tech for the country's network in August 2018 (BBC News 2019). November 2018 saw New Zealand blocking a proposal from one of its biggest carriers that would see Huawei equipment being deployed in its 5G network citing security risks (Xu 2018). Similarly, Japan beat Pompeo to the punch, banning Huawei from winning any government contracts in December 2018 (Denyer 2018).

On the European front, the European Commission recommended its member states to conduct their own risk assessment by the end of June 2019. This independent approach was praised by Huawei as objective (European Commission 2019). Immediately after Pompei concluded his tour in Europe, the German government reported it was leaning toward allowing Huawei to work on its 5G network (Pancevski and Germano 2019). Germany had investigated Huawei and found no evidence that the firm could use its equipment to spy for Beijing (The Local 2018). Yet, resistance within the German parliament mounted against German Chancellor Angela Merkel's plan to rule out a ban on Huawei (Bloomberg 2020).

The biggest blow, however, has come from Britain. On January 28, 2020, the British government announced it would allow Huawei to

provide a limited amount of equipment for Britain's 5G and fixed-line networks (Hamilton 2020). This came after repeated visits by Trump and U.S. officials to the U.K. to discuss Huawei specifically. Just this last June, Trump visited with, then Prime Minister, Theresa May for an hour over this matter (Holland and James 2019). Then in August 2019, U.S. national security adviser John Bolton visited the newly elected Boris Johnson to persuade him to take a tougher line against Huawei (Wintour 2019). In a last-ditch attempt to persuade Britain to ban Huawei, Mike Pompeo pressed British Foreign Secretary Dominic Raab over Huawei at a meeting in Washington on January 9, 2020 (Stubbs and Alper 2020). The U.S. also sent a delegation to meet with British industry officials on January 13, 2020, ahead of the British decision (Piper 2020). Then days ahead of its decision, Trump resorted to warning Boris Johnson that there will be serious consequences if Huawei equipment is used (Colson and Bienkov 2020). In the end, the British government had decided to call Trump's bluff and allowed Huawei to participate.

4.2 Actions by Canadian Government

Interestingly, unlike the U.S. government, the Canadian government's position has remained the same throughout. After the arrest of Meng Wanzhou, the Canadian government did not take any action to further ban Huawei from performing business in Canada or with Canadian companies. The Liberal government refrained on deciding on this matter even when Conservatives called on them to ban Huawei. The Conservative position was transparent since at least May 1, 2019, with then party leader, Andrew Scheer, going on the record to state that his government would ban Huawei from 5G networks (Boutilier 2019). Even former Prime Minister, Stephen Harper, chimed in, going on the record asking for a Huawei ban in compliance with American requests (Vomiero 2018). Nonetheless, the official Canadian position has been to wait for the result of a security review to conclude before they make a decision (Wingrove 2019). This security review was pushed until after the 2019 elections (Reichert 2019b). Most recently, Canada's security agencies disagreed on whether to ban Huawei or not, with the Canadian Security Intelligence

Service believing the risk can be mitigated and Communications Security Establishment supporting an outright ban (Pearson 2019).

Canadian telecommunication companies, many of which partnered with Huawei for several years, continued to stand by their Chinese counterpart. Bell Canada, which teamed up with Huawei to test 5G in Ontario in 2019, maintained that Huawei is a great partner to work with (Bellusci 2020). Telus operated a living lab in Vancouver since 2015 and wanted to bring this lab to Edmonton as late as October 28, 2019 (Johnston 2019). Rogers, however, partnered up with Ericson to launch its 5G network.

4.3 Actions by Chinese Government

For their part, the Chinese government did not perform any drastic actions against the U.S. ban specifically, yet their response to Canada was more severe. A little over a week after Meng Wanzhou was arrested, two Canadians were detained in China. China then warned Canada that a ban on Huawei's 5G tech will trigger repercussions, without immediately explaining what these repercussions would be (Zhou 2019). On March 1, 2019, China revoked Richardson International's registration stopping them from exporting canola into China (Evans 2019). While China claims that their actions were not a response to Meng's arrest, experts argue that these actions were made to pressure Canada (Martina 2019).

4.4 Actions by Huawei: Location Strategies

Huawei's actions in response to the arrest and subsequent bans in the U.S. ranged from collaborative to competitive. On the one hand, Ren Zhengfei himself, previously known as a low-profile CEO, turned his approach and actively started a series of public communications in support of his company and his daughter. On the other hand, the company adopted active strategies, building upon both legal measures and business strategies to protect Huawei's leading 5G technologies. Most significantly, a couple of months after the U.S. announced the initial ban, Huawei filed a lawsuit that alleged the ban being unconstitutional (Lecher 2019a).

Worldwide, Huawei was still being awarded contracts but, in the U.S., it was evident that the company was experiencing a downturn. A major layoff was planned in July 15, 2019, due to struggles caused by the ban (Keane 2019b). Less than two weeks later, Huawei laid off 600 out of 850 researchers at its U.S. subsidiary Futuerwei (Lee 2019). Huawei attempted to use publicity and the lure of funding to keep universities from cutting ties. On September 3, 2019, Huawei announced that it would give universities that kept ties with the company \$300 million a year in research funding (Jiang 2019).

Furthermore, Huawei and its CEO tried to use a different approach on multiple occasions appearing to entice the U.S. to lift the ban. On September 26, 2019, Ren Zhengfei reported that Huawei would continue producing next-generation 5G base stations without American parts. He also spoke about partnering with a U.S.-based company to sell 5G technology together (Keane 2019a). When both these strategies appeared to fail, on December 3, 2019, Huawei announced that it was relocating its research center to Canada due to the sanctions (The Canadian Press 2019). On the same day, Huawei also proceeded with the removal of American components from its smartphones (Keane 2019a). Even though some U.S. companies had received exceptions to selling parts to Huawei, the Chinese company decided to find other suppliers. It moved its chip production in-house and developed their own operating system, even threatening Google to never use their operating system on Huawei phones again (Doffman 2019).

Interestingly, despite the fact that the arrest occurred in Canada and Chinese government practically signaled its position against Canada's political stance in taking U.S. side, Huawei's growth strategy in Canada does not seem to take a defensive turn. Huawei offices in cities such as Vancouver, Ottawa, Markham, Montreal, and Quebec City continued their operations. Also, evidence suggests that collaborations between Huawei and Canadian universities continued, despite the threats academics faced due to the U.S.-China tensions (Young 2020). The roots of this strategy should be sought in the nature of Huawei's business in Canada and the *raison d'être* of its presence in North America. Huawei's B2C and B2B sectors might play different roles in this decision.

With respect to B2C, from the perspective of citizens, with the security concerns receiving ongoing media coverage, Huawei's publicity as a Chinese tech company was to some extent damaged in Canada (Snyder 2019). Although no formal data is available, it seems that Huawei's mobile phone and consumer solution market was negatively impacted by this negative publicity and therefore, cooperating with its local partners, Huawei tried to ameliorate the market, for example, by providing gifts to mobile buyers (Lamont 2020). Nonetheless, selling cell phones was so little of the ambitions the giant was following in North America.

From a strategy point of view, Huawei's business in Canada pursues achievements beyond consumer markets. Indeed, a significant part of the company's activities in its Canadian subsidiaries revolves around R&D and development of standard routines. Through ongoing standardization and patenting, including those pertaining to 5G, such a company can secure ongoing future income streams. These activities also pave the way for new generations of technologies—those that build on the achieved knowledge to shape the long-term technological landscape in telecommunication.

Therefore, strategic goals of Huawei in Canada are not simply limited to their access to consumer market; it is the location advantages that secure this business and technological supremacy in the long term. These advantages include the access to a market of skilled employees who can push the agenda forward and ensure the company's success in global standardization of IT advancements. In international conventions for technology standardization, not only technical knowledge of the company's representatives, but even simple advantages such as ease of travel across the borders and language skills are valuable assets that Canadian subsidiaries can provide. Another location advantage that the company cannot overlook is the top-tier researchers who can contribute to the company's R&D projects globally.

5 Discussion and Final Thoughts

For different reasons, it is still premature to draw solid conclusions from the case of Huawei: the case is complex and multi-faceted, events are still unfolding, new facts and claims are being made by various actors, and political turns influence the stances and actions of actors. Still, in this

section, we propose some interim discussions and thoughts. Future events and facts can enhance our learnings from the case. Underlying the discussion is the fact that business, through its formation and maturity in modern societies, has been viewed as the arm of the governments in providing welfare and economic development. Governments, especially in developed countries with stronger ties to laissez-faire economic mindset, utilize the unique capabilities of business to implement their national strategies, not least in providing technological advances, whether it be through what companies such as SpaceX pursue in pushing the frontiers of technology or through R&D in pharma industry to eliminate disease. Arguably, the dissemination of globalization was largely due to such contributions of business to developed nations.

Nonetheless, two factors relevant to our discussion increasingly change the equilibriums of global trade and politics. First, the economic and technological advancement of emerging and developing economies has brought forth new complexities to business-government interactions, as the advantages of access to global market is now shared with new multinationals from across the world, even those countries with little political affinity (Bertrand et al. 2016) with the Western countries, as the socio-economic contributions of such multinationals to developed countries might be questionable. Second, global digitization and the diffusion of IT in almost all aspects of modern life (including business) and the involvement of many countries in this process creates a new balance of power across the nations. The omni-presence of IT industry and its interactions with other industries also raises concerns with respect to intelligence and data security. In other words, whereas in the past, sensitive areas of business involvement in technology development were limited, for example, in military areas, which were largely controllable by governments, now IT has expanded its realm to all aspects of life, while its nature also makes it hard to control. The opportunities and threats resulted by the infusion of IT in almost all industries urge governments to reconsider their stances on globalization. A government's stance becomes more antagonistic when globalization does not serve its economic interests as well. In such a situation, it becomes harder to dig into the political rhetoric and unearth the real causes of governments' trade-related political decisions against globalization.

The case of Huawei bans in recent years reflects some of these new dynamics. Despite the salience of security concerns in many global IT interactions in general, as the provided narrative suggests, digital security doesn't seem to be the only reason for constraining the company's business in North America. Indeed, Huawei's position in 5G signals the emergence of a company adept in playing the game based on the rules set by international players. From the perspective of a government in a developed country, success of such a business is not an isolated success for a "foreigner" company, as it would solidify the company's position as the provider of the future technological needs across the globe, due to the notion of path-dependency of resources and capabilities in business (Barney 1991).

Thus, it is no surprise that governments, even if not really concerned about national data security threats, share concerns about economic threats that such an achievement by Huawei can impose on their business environment. It is insightful to notice that European countries such as the U.K. and Germany show little or varying levels of concern about security threats of Huawei over time, whereas Australia barred Huawei from major project as early as 2012 (Zhou and Fang 2019). From one perspective, Huawei-provided 5G would result in Australia's dependence on Chinese technology and also bans mainly aim to give Huawei's competitors a competitive edge (Zhou and Fang 2019). The U.S. government's simultaneous bail-out to support American IT companies can shed more light on this multi-faceted competition. It is also insightful to that other industry actors (not only Huawei's partners, but also its competitors) do not necessarily support bans. For instance, the CEO of Cisco—one of Huawei's main competitors—reportedly suggested that fears of Huawei's dominance may be overblown (Zhou and Fang 2019).

But, regardless of the alleged ties of Huawei to the Chinese government, from a business perspective, how should a company respond to such macro-level barriers that jeopardize its business? Whether Huawei's technology really threatens national security of host counties or not is beyond what this chapter can explore, but regardless of the answer, to the extent that governments can legitimately concern national security, it is legitimate for a firm to protect its operations and markets within regulation and ethics. Huawei's responses in this regard are insightful in

different ways. First, location advantages constitute one of the main inputs to internationalization decisions (Dunning 1980), but for a modern IT company, location advantages barely deal with conventional product markets or cheap labor. North America is a major playground for Huawei as it provides a resourceful market of talent and capabilities that Huawei needs in expanding, patenting, standardizing, and advancing its technologies. As strategic resource theories suggest, securing such resources and sustaining such capabilities is essential to sustain Huawei's competitive advantage in the long term (Barney 1991; Teece et al. 1997).

Second, in the surmounting multi-faceted rivalry between the U.S. and Chinese governments, Huawei's origin and its alleged ties to the Chinese government can intensify its challenges. This can act as a double-edge blade: On the one hand, China's direct or indirect support of Huawei after the arrest of Meng can help Huawei secure its business in a country such as Canada, given its significant trade with China. On the other hand, China's support can validate the alleged connections between Huawei and Chinese government, which would perpetuate the negative impacts on the company's international business (Yan and Chang 2018). How Huawei can navigate through these contradictory impacts remains an inquiry for future studies.

Third, consistent with Feinberg and Gupta's (2009) findings, Huawei tends to orient its business in Canada toward its global structure, that is, as a provider of its internal capabilities and services rather than a seller to external buyers. Still, Huawei has also shown interest in protecting its business with external customers and partners, such as Canadian communication companies or in its C2C business group. With the ongoing pressure from the U.S., whether the company succeeds or not will unfold in future. Further, Huawei did not cut back on its support and grants provided for Canadian universities and scholars. This is in stark contrast with what a conventional business mindset may suggest after the company faces a disruption such as the arrest of one of its top managers and a "family member." These strategies all harmoniously signal the firm's will to sustain its presence in Canada, rather than adopting a defensive position. And by its consistent presence in Canada and the opportunities it provides to this country, for example, in job creation, Huawei also increases the costs of new antagonistic moves for Canadian government, as anti-Huawei actions can cost Canada thousands of jobs and significant

Table 6.1 Key post-arrest events and actions

U.S.	
Dec. 1, 2018	Trump administration announces it is considering a formal ban of Chinese manufacturers Huawei and ZTE.
Jan. 28, 2019	Formal criminal charges are filed by the U.S. Justice Department against Huawei and Meng Wanzhou (Fazzini 2019).
Mar. 2019	Trump signs an executive order that allows the federal government to block U.S. companies from buying foreign-made telecommunications equipment on the grounds of a national security threat (Lecher 2019b).
May 1, 2019	Google receives a 90-day extension allowing it to continue working with Huawei past the ban deadline (Meredith 2019).
Jun. 29, 2019	Trump eases restrictions on Huawei by allowing U.S. companies that previously sold their high-tech gear to resume doing so (CNET News Staff 2019).
Jul. 16, 2019	Bipartisan legislation introduced to prohibit the removal of Huawei from the blacklist without an act of Congress (Brown 2019).
Aug. 7, 2019	NDAA ban rolled prohibiting U.S. government agencies from doing business with five Chinese companies including Huawei (Mihalcik 2019).
Aug. 19, 2019	The U.S. Commerce Department extended the temporary license again (Shepardson and Freifeld 2019).
Oct. 10, 2019	The Federal Communications Commission plans to cut off funding to wireless carriers that use equipment the agency believes may pose a national security risk (Reardon 2019).
Nov. 4, 2019	U.S. government to grant licenses to allow sales of non-sensitive equipment to Huawei (Keane 2019a).
Nov. 8, 2019	President's CTO criticizes European countries for not taking a stand in banning Chinese companies such as Huawei to stop them from dominating the 5G and AI markets (Keane 2019d).
Nov. 19, 2019	The U.S. Commerce Department extended the temporary license for a third time (Keane 2019c).
Nov. 22, 2019	FCC blocks U.S. telecom from using federal funds to buy Huawei equipment.
Nov. 23, 2019	U.S. representatives warn Canadian representatives that Huawei and ZTE are Trojan horses (Brewster 2019).
Dec. 16, 2019	U.S. House of Representatives passes legislation that would prevent the government from using funds to help carriers buy Huawei's telecommunications equipment as well as any equipment that was deemed a threat (Reichert 2019a).
Canadian government	
Dec. 7, 2018	Stephen Harper urges the Canadian government to ban Huawei from its upcoming 5G network on Fox News (Vomiero 2018).

(continued)

Table 6.1 (continued)

Jan. 17, 2019	Canadian government updates status of security reviews of the 5G network (Wingrove 2019).
May 1, 2019	Andrew Scheer announces that he would ban Huawei from participating in Canada's 5G wireless network if elected (Boutilier 2019).
July 15, 2019	Decision whether to ban Huawei from 5G network development will be pushed until after the Elections in Canada in October. Decision will also be tied to the decision to release the Canadians held in China (Reichert 2019b).
Nov. 12, 2019	CSIS (Canadian Security Intelligence Service) and CSE (Canadian Securities Exchange) conclude their security reviews of 5G networks and disagree about the threat Huawei poses (Pearson 2019).
Huawei's actions	
Mar. 6, 2019	Huawei files a suit alleging that the U.S. unconstitutionally singled out Huawei by preventing government use of Huawei equipment (Lecher 2019a).
Jul. 15, 2019	Huawei announces plans to lay off a large number of researchers from its Futurewei subsidiary based in Texas, California (Keane 2019b).
Jul. 25, 2019	Futurewei lays off 600 workers (Lee 2019).
Sept. 3, 2019	Huawei announced plans to spend more than \$300 million a year in research funding for universities (Jiang 2019).
Sept. 26, 2019	Huawei is already producing 5G wireless bases without U.S. parts. Ren Zhengfei had previously indicated Huawei was ready to share its technology with a Western buyer (Keane 2019a).
Nov. 22, 2019	Huawei signaled its intent to sue the FCC as it had sued the U.S. government in the past (Fung 2019).
Dec. 3, 2019	Huawei moving its U.S. research center to Canada (The Canadian Press 2019).
Dec. 24, 2019	Huawei warns Google that they will be ready to install their in-house mobile services software (HMS) replacing Google mobile services (GMS) on their cell phones (Doffman 2019).

economic loss. It seems that Huawei deliberately utilizes these advantages in its strategic moves in Canada, as increasing the costs of potential bans in Canada can safeguard its business.

Not every multinational can adopt such aggressive strategies, as they require not only significant market assets and perhaps a level of support from the home government, but also particular strategic non-market capabilities (Albino-Pimentel et al. 2018). Such a company should know

how to utilize these capabilities toward its business goals through an unconventional approach in dealing with high levels of political uncertainty. In a world where business and politics are increasingly intertwined and in the midst of the politicians' game of thrones, global firms need such capabilities to survive. What constitutes these capabilities is a critical question for both scholars and practitioners of business (Table 6.1).

References

- Ahrens, Nathaniel. 2013. *China's Competitiveness Myth, Reality, and Lessons for the United States and Japan. Case Study: Huawei (PDF)*. Center for Strategic and International Studies, February.
- Albino-Pimentel, Joao, Pierre Dussauge, and J. Myles Shaver. 2018. Firm Non-market Capabilities and the Effect of Supranational Institutional Safeguards on the Location Choice of International Investments. *Strategic Management Journal* 39 (10): 2770–2793. <https://doi.org/10.1002/smj.2927>.
- Auchard, Eric, and Stephen Nellis. 2018. What Is 5G and Who Are the Major Players? <https://www.reuters.com/article/US-qualcomm-m-a-broadcom-5g/what-is-5g-and-who-are-the-major-players-idUSKCN1GR1IN>. Accessed March 1, 2020.
- Barney, Jay. 1991. Firm Resources and Sustained Competitive Advantage. *Journal of Management*. <https://doi.org/10.1177/014920639101700108>.
- BBC News. 2018. Huawei Arrest: China Demands Release of Meng Wanzhou. <https://www.bbc.com/news/business-46465768>. Accessed March 1, 2020.
- . 2019. Huawei and ZTE Handed 5G Network Ban in Australia. <https://www.bbc.co.uk/news/technology-45281495>. Accessed March 1, 2020.
- . 2020. What Is 5G and What Will It Mean for You? <https://www.bbc.com/news/business-44871448>. Accessed March 1, 2020.
- Bekefi, Tamara, and Marc J Epstein. 2006. *Integrating Social and Political Risk Into Management Decision-Making*. The Society of Management Accountants of Canada. <http://citeseerx.ist.psu.edu/viewdoc/download;jsessionid=D523BAC9D15831F60402D736BA74DB82?doi=10.1.1.475.7918&rep=rep1&type=pdf>.
- Bellusci, Michael. 2020. China's Huawei Has 'Top Notch' Equipment, 'Great Partner' Says New Bell CEO. <https://www.bnnbloomberg.ca/huawei-equipment-top-notch-says-new-bce-ceo-1.1369777>. Accessed March 1, 2020.

- Bertrand, Olivier, Marie Ann Betschinger, and Alexander Settles. 2016. The Relevance of Political Affinity for the Initial Acquisition Premium in Cross-Border Acquisitions. *Strategic Management Journal* 37 (10): 2071–2091. <https://doi.org/10.1002/smj.2438>.
- Bloomberg. 2020. Merkel Plan for Huawei 5G Gear Gets Pushback in Germany from Within Her Own Ranks. <https://www.scmp.com/tech/policy/article/3048699/merkel-plan-huawei-5g-gear-gets-pushback-germany-within-her-own-ranks>. Accessed March 1, 2020.
- Boutillier, Alex. 2019. Scheer Government Would Ban Huawei from 5G Networks. <https://www.thestar.com/politics/federal/2019/05/08/scheer-government-would-ban-huawei-from-5g-networks.html>. Accessed March 1, 2020.
- Brewster, Murray. 2019. Canada Warned of Fallout on Five Eyes Relationship If Huawei Allowed on 5G. <https://www.cbc.ca/news/politics/canada-warned-of-fallout-on-five-eyes-relationship-if-huawei-allowed-on-5g-1.5370992>. Accessed March 1, 2020.
- Brown, Shelby. 2019. Senators' New 5G Legislation Would Keep Huawei Blacklisted. <https://www.cnet.com/news/senators-push-to-keep-huawei-blacklisted-in-new-5g-legislation/>. Accessed March 1, 2020.
- CNET News Staff. 2019. Trump to Let US Firms Sell Tech to Huawei. <https://www.cnet.com/news/trump-to-let-US-firms-sell-tech-to-huawei/>. Accessed March 1, 2020.
- Colson, Thomas, and Adam Bienkov. 2020. Trump's Repeated Threats have 'Irritated' the UK and It Plans to Defy Him and Strike a Deal with Huawei. <https://www.insider.com/donald-trump-huawei-boris-johnson-threats-security-5g-deal-2020-1>. Accessed March 1, 2020.
- Delios, Andrew, and Witold J. Henisz. 2003. Political Hazards, Experience, and Sequential Entry Strategies: The International Expansion of Japanese Firms, 1980–1998. *Strategic Management Journal* 24 (11): 1153–1164. <https://doi.org/10.1002/smj.355>.
- Denyer, Simon. 2018. Japan Effectively Bans China's Huawei and ZTE from Government Contracts, Joining U.S. https://www.washingtonpost.com/world/asia_pacific/japan-effectively-bans-chinas-huawei-zte-from-government-contracts-joining-us/2018/12/10/748fe98a-fc69-11e8-ba87-8c7facdf6739_story.html?noredirect=on. Accessed March 1, 2020.
- Dixon, W.J., and B. Moon. 1993. Political Similarity and American Foreign Trade Patterns. *Political Research Quarterly* 46 (1): 5–25.
- Doffman, Zak. 2019. Huawei Warns Google: We Are Almost Ready To Replace You—New Report. <https://www.forbes.com/sites/zakdoffman/2019/12/24/>

- huawei-warns-google-we-are-almost-ready-to-replace-you-new-report. Accessed March 1, 2020.
- Duffy, Jim. 2003. Cisco Sues Huawei over Intellectual Property. <https://www.computerworld.com/article/2578617/cisco-sues-huawei-over-intellectual-property.html>. Accessed March 1, 2020.
- Dunning, John H. 1980. Toward an Eclectic Theory of International Production: Some Empirical Tests. *Journal of International Business Studies*. <https://doi.org/10.1057/palgrave.jibs.8490593>.
- European Commission. 2019. A Common EU Approach to the Security of 5G Networks. https://ec.europa.eu/commission/news/common-eu-approach-security-5g-networks-2019-mar-26_en. Accessed March 1, 2020.
- Evans, Pete. 2019. China Halts Canola Shipments from Major Canadian Supplier. <https://www.cbc.ca/news/business/canola-china-export-1.5043182>. Accessed March 1, 2020.
- Fazzini, Kate. 2019. US Files Criminal Charges in Two Huawei Cases, Seeks Extradition of CFO Meng Wanzhou. <https://www.cnn.com/2019/01/28/us-seeks-extradition-of-huawei-cfo-meng-wanzhou.html>. Accessed March 1, 2020.
- Feinberg, Susan, and Anil Gupta. 2009. MNC Subsidiaries and Country Risk: Internalization as a Safeguard against Weak External Institutions. *Academy of Management Journal*. <https://doi.org/10.5465/AMJ.2009.37315470>.
- Fitzpatrick, Mark. 1983. The Definition and Assessment of Political Risk in International Business: A Review of the Literature. *Academy of Management Review*. <https://doi.org/10.5465/amr.1983.4284734>.
- Fraser, Keith. 2019. Judge in Meng Wanzhou Case Orders RCMP and CBSA to Disclose More Documents. <https://vancouver.sun.com/news/local-news/judge-in-meng-wanzhou-case-orders-rcmp-and-cbsa-to-disclose-more-documents>. Accessed March 1, 2020.
- Freifeld, Karen. 2018. U.S. Investigating Huawei Over Suspicions of Bank Fraud, Violating Iran Sanctions: Sources. <https://globalnews.ca/news/4736894/huawei-bank-fraud-iran-sanctions/>. Accessed March 1, 2020.
- Fried, Ina. 2014. T-Mobile Suit Claims Huawei Stole Part of Tappy, Its Cellphone-Testing Robot. <https://www.vox.com/2014/9/6/11630618/t-mobile-suit-claims-huawei-stole-part-of-tappy-its-cellphone-testing>. Accessed March 1, 2020.
- Fung, Brian. 2019. US Regulators Rule that China's Huawei and ZTE Threaten National Security. <https://www.cnn.com/2019/11/22/tech/fcc-huawei-zte/index.html>. Accessed March 1, 2020.

- Gartzke, E. 1998. Kant We All Just Get along? Opportunity, Willingness, and the Origins of the Democratic Peace. *American Journal of Political Science* 42 (1): 1–27. <https://doi.org/10.2307/2991745>.
- Gilley, Bruce. 2000. Huawei's Fixed Line to Beijing (PDF). *Far Eastern Economic Review*.
- Gross, Grant. 2003. 3Com-Huawei Joint Venture Begins Operations. <https://www.infoworld.com/article/2674627/3com-huawei-joint-venture-begins-operations.html>. Accessed March 1, 2020.
- Hamilton, Isobel A. 2019. Mike Pompeo Is Bringing the Hammer Down on Huawei on His European Tour. <https://www.businessinsider.com/mike-pompeo-slams-huawei-on-his-european-tour-2019-2?r=US&IR=T>. Accessed March 1, 2020.
- . 2020. The Trump Administration Failed to Convince the UK to Ditch Huawei and Its Other Allies Aren't Listening Either. <https://www.businessinsider.com/huawei-how-allies-are-reacting-to-us-calls-to-avoid-the-tech-firm-2019-2>. Accessed March 1, 2020.
- Holburn, Guy, and Bennet A. Zelner. 2010. Political Capabilities, Policy Risk, and International Investment Strategy: Evidence from the Global Electric Power Generation Industry. *Strategic Management Journal* 31: 1290–1315.
- Holland, Steve, and William James. 2019. Effusive Trump Promises Britain a 'Phenomenal' Post-Brexit Trade Deal. <https://www.reuters.com/article/uk-usa-trump-britain-protests/effusive-trump-promises-britain-a-phenomenal-post-brexit-trade-deal-idUSKCN1T42VQ>. Accessed March 1, 2020.
- Holland, Steve, Jeff Mason, and Roberta Rampton. 2018. Trump Says Would Intervene in Arrest of Chinese Executive. <https://www.reuters.com/article/us-usa-trump/trump-says-would-intervene-in-arrest-of-chinese-executive-idUSKBN1OB01P>. Accessed March 1, 2020.
- Holt, Kris. 2018. Pentagon Bans Huawei, ZTE Phones from Military Base Retailers. <https://www.engadget.com/2018/05/02/pentagon-bans-huawei-zte-phones-military-retailers>. Accessed March 1, 2020.
- Huawei. 2018a. Huawei Announces Signing of 22 Commercial Contracts for 5G. <https://www.huawei.com/en/press-events/news/2018/11/huawei-22-commercial-contracts-5g>. Accessed March 1, 2020.
- . 2018b. Who Is Huawei? <https://www.huawei.com/en/press-events/annual-report/2018>. Accessed March 1, 2020.
- . 2020a. About Enterprise Business Group. <https://e.huawei.com/en/about/huawei-enterprise>. Accessed March 1, 2020.

- . 2020b. Huawei Celebrates Ten Years in the U.S.; Opens New R&D Facility in Silicon Valley. https://www.huawei.com/us/press-events/news/us/2011/hw-u_103584. Accessed March 1, 2020.
- . 2020c. Huawei—A Leading Global ICT Solutions Provider. https://carrier.huawei.com/en/?ic_medium=direct&ic_source=surlent. Accessed March 1, 2020.
- . 2020d. Huawei Cloud. https://www.huaweicloud.com/en-us/product/?utm_medium=menu&utm_source=corp_huawei&utm_campaign=allwayson. Accessed March 1, 2020.
- . 2020e. Huawei Website. <https://consumer.huawei.com/ca/>. Accessed March 1, 2020.
- . 2020f. Mr. Ren Zhengfei. <https://www.huawei.com/en/about-huawei/executives/board-of-directors/ren-zhengfei>. Accessed March 1, 2020.
- Jiang, Sijia. 2017. China's Huawei Targets Amazon, Alibaba in Public Cloud Service Push. <https://www.reuters.com/article/US-huawei-cloud-idUSKBN17D19Q>. Accessed March 1, 2020.
- . 2019. Huawei Says to Spend More than \$300 Million a Year in Funding for Universities. <https://www.reuters.com/article/us-huawei-tech-china-usa/huawei-says-to-spend-more-than-300-million-a-year-in-funding-for-universities-idUSKCN1VO0PP>. Accessed March 1, 2020.
- Johnson, Keith, and Elias Groll. 2019. The Improbable Rise of Huawei. <https://foreignpolicy.com/2019/04/03/the-improbable-rise-of-huawei-5g-global-network-china/>. Accessed March 1, 2020.
- Johnston, Scott. 2019. Telus Pitches Bringing 5G 'living lab' to Whyte Ave in Edmonton, Would Test Surveillance and Algorithm Technology. <https://globalnews.ca/news/6094378/5g-telus-whyte-ave-edmonton/>. Accessed March 1, 2020.
- Keane, Sean. 2019a. Huawei Is Apparently Already Making 5G Base Stations Without US Parts. <https://www.cnet.com/news/huawei-is-apparently-already-making-5g-base-stations-without-us-parts/>. Accessed March 1, 2020.
- . 2019b. Huawei Reportedly Plans Massive US Layoffs. <https://www.cnet.com/news/huawei-reportedly-plans-massive-us-layoffs/>. Accessed March 1, 2020.
- . 2019c. Huawei Says US License Extension Doesn't Fix Its Unfair Treatment. <https://www.cnet.com/news/US-grants-huawei-another-90-day-license-extension-being-treated-unfairly/>. Accessed March 1, 2020.

- . 2019d. Trump's Tech Chief Slams Countries for 'opening their arms' to Huawei. <https://www.cnet.com/news/trumps-tech-chief-slams-countries-for-opening-their-arms-to-huawei/>. Accessed March 1, 2020.
- . 2019e. US Official Reportedly Says Licenses Allowing Sales to Huawei Will Come 'shortly'. <https://www.cnet.com/news/US-official-reportedly-says-licenses-allowing-sales-to-huawei-will-come-shortly/>. Accessed March 1, 2020.
- Kobrin, Stephen J. 1979. Political Risk: A Review and Reconsideration. *Journal of International Business Studies* 10: 67–80.
- Kobrin, Stephen J., John Basek, Stephen Blank, and Joseph La Palombara. 1980. The Assessment and Evaluation of Noneconomic Environments by American Firms: A Preliminary Report. *Journal of International Business Studies*. <https://doi.org/10.1057/palgrave.jibs.8490594>.
- Lahiri, Tripti. 2019. The Full List of Crimes the US Accuses Huawei of Committing. <https://qz.com/1535995/the-full-list-of-crimes-huawei-is-accused-of-committing-by-the-us/>. Accessed March 1, 2020.
- Lahiri, Tripti, and Echo Huang. 2018. The US Just Declared War on the Chinese Company It Loves to Hate Most. <https://qz.com/1485926/china-calls-for-release-of-arrested-huawei-cfo-meng-wanzhou/>. Accessed March 1, 2020.
- Lahiri, Tripti, and Mary Hui. 2019. How Huawei Became America's Tech Enemy No. 1. <https://qz.com/1627149/huaweis-journey-to-becoming-us-tech-enemy-no-1/>. Accessed March 1, 2020.
- Lamont, Jonathan. 2020. Koodo, Telus and Virgin Giving Away FreeBuds Lite with Select Huawei Phones. <https://mobilesyrup.com/2020/01/13/koodo-telus-virgin-mobile-freebuds-lite-huawei-phones/>. Accessed March 1, 2020.
- Langley, Ann. 1999. Strategies for Theorizing from Process Data. *Academy of Management Review* 24 (4): 691–710.
- Lecher, Colin. 2019a. Huawei Is Suing the US for Government Ban on Equipment. <https://www.theverge.com/2019/3/6/18249974/huawei-lawsuit-china-sales-policy-government-security-spying>. Accessed March 1, 2020.
- . 2019b. White House Cracks Down on Huawei Equipment Sales with Executive Order. <https://www.theverge.com/2019/5/15/18216988/white-house-huawei-china-equipment-ban-trump-executive-order>. Accessed March 1, 2020.
- Lee, Kyeong Hun. 2018. Cross-Border Mergers and Acquisitions amid Political Uncertainty: A Bargaining Perspective. *Strategic Management Journal* 39 (11): 2992–3005. <https://doi.org/10.1002/smj.2944>.

- Lee, Jane L. 2019. Huawei's US Arm Laid Off Nearly 600 Workers as the Trade Ban Bites. <https://www.businessinsider.com/huaweis-us-research-arm-laying-off-workers-2019-7>. Accessed March 1, 2020.
- Local, The. 2018. German IT Watchdog Says 'no evidence' of Huawei spying. <https://www.thelocal.de/20181216/german-it-watchdog-says-no-evidence-of-huawei-spying>. Accessed March 1, 2020.
- Lublin, Joann S., and Shayndi Raice. 2010. Security Fears Kill Chinese Bid in U.S. <https://www.wsj.com/articles/SB10001424052748704353504575596611547810220>. Accessed March 1, 2020.
- Luong, Jannie. 2011. Huawei Opens New Headquarters in Canada; Deepens Commitment to North America through Strong Local Presence. <https://www.businesswire.com/news/home/20110118005694/en/Huawei-Opens-New-Headquarters-Canada-Deepens-Commitment>. Accessed March 1, 2020.
- Maitland, Elizabeth, and André Sammartino. 2015. Decision Making and Uncertainty: The Role of Heuristics and Experience in Assessing a Politically Hazardous Environment. *Strategic Management Journal*. <https://doi.org/10.1002/smj.2297>.
- Marr, Bern. 2019. What Is 5G Technology And How Must Businesses Prepare For It? <https://www.forbes.com/sites/bernardmarr/2019/10/25/what-is-5g-technology-and-how-must-businesses-prepare-for-it/#76a0b39e1758>. Accessed March 1, 2020.
- Martina, Michael. 2019. China Formally Arrests Canadians Detained Amid Huawei Spat. <https://globalnews.ca/news/5283082/canadians-arrested-china-huawei-spavor-kovrig/>. Accessed March 1, 2020.
- Medeiros, Evan S., Roger Cliff, Keith Crane, and James C. Mulvenon. 2005. A New Direction for China's Defense Industry. (PDF). *Project Air Force*.
- Meredith, Sam. 2019. Google Will Work with Huawei for 90 Days after US Eases Trade Restrictions. <https://www.cnbc.com/2019/05/21/google-will-work-with-huawei-for-next-90-days-after-restrictions-eased.html>. Accessed March 1, 2020.
- Mihalcik, Carrie. 2019. Huawei Ban Kicks in Next Week for US Government Agencies. <https://www.cnet.com/news/huawei-ban-kicks-in-next-week-for-us-government-agencies/>. Accessed March 1, 2020.
- Mikolajczak, Chuck. 2019. U.S. Asks Federal Court to Throw Out Huawei Lawsuit. 4. <https://www.reuters.com/article/US-usa-china-huawei-tech/us-asks-federal-court-to-throw-out-huawei-lawsuit-idUSKCN1TZ224>. Accessed March 1, 2020.

- Mozur, Paul. 2016. U.S. Subpoenas Huawei Over Its Dealings in Iran and North Korea. <https://www.nytimes.com/2016/06/03/technology/huawei-technologies-subpoena-iran-north-korea.html?module=inline>. Accessed March 1, 2020.
- Oh, Chang Hoon, and Jennifer Oetzel. 2017. Once Bitten Twice Shy? Experience Managing Violent Conflict Risk and MNC Subsidiary-Level Investment and Expansion. *Strategic Management Journal*. <https://doi.org/10.1002/smj.2498>.
- Orlitzky, Marc, and John D. Benjamin. 2001. Corporate Social Performance and Firm Risk: A Meta-Analytic Review. *Business & Society*. <https://doi.org/10.1177/000765030104000402>.
- Pancevski, Bojan, and Sara Germano. 2019. In Rebuke to U.S., Germany Considers Letting Huawei In. <https://www.wsj.com/articles/in-rebuke-to-u-s-germany-considers-letting-huawei-in-11550577810>. Accessed March 1, 2020.
- Pearson, Natalie O. 2019. Canadian Intelligence Agencies at Odds Over Huawei Ban, Globe Says. <https://business.financialpost.com/pmn/business-pmn/canadian-intelligence-agencies-at-odds-over-huawei-ban-globe-says>. Accessed March 1, 2020.
- Piper, Elizabeth. 2020. UK, U.S. and Industry Officials to Meet before Huawei Decision: Downing Street. <https://www.reuters.com/article/us-britain-usa-huawei-tech/uk-u-s-and-industry-officials-to-meet-before-huawei-decision-downing-street-idUSKBN1ZC154>. Accessed March 1, 2020.
- Porter, Michael E. 1980. *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York: Free Press.
- . 1990. *The Competitive Advantage of Nations*. New York: Free Press.
- Proctor, Jacob. 2018. Everything You Need to Know about Huawei, Meng Wanzhou and Her Possible Extradition. <https://www.cbc.ca/news/canada/british-columbia/huawei-meng-extradition-questions-fraud-1.4943162>. Accessed March 1, 2020.
- Reardon, Marguerite. 2019. FCC to Ban Huawei and ZTE Gear from Federal Subsidy Program. <https://www.cnet.com/news/fcc-to-ban-huawei-and-zte-gear-from-federal-subsidy-program/>. Accessed March 1, 2020.
- Reichert, Corinne. 2019a. House Passes Bill Barring Government from Buying Huawei Gear. <https://www.cnet.com/news/house-passes-bill-barring-government-from-buying-huawei-gear/>. Accessed March 1, 2020.
- . 2019b. Huawei 5G Ban Could Spread Further. <https://www.cnet.com/news/huawei-5g-ban-could-spread-across-north-america/>. Accessed March 1, 2020.

- Ring, Peter Smith, Stefanie Ann Lenway, and Michele Govekar. 1990. Management of the Political Imperative in International Business. *Strategic Management Journal* 11 (2): 141–151. <https://doi.org/10.1002/smj.4250110206>.
- Robertson, Susan K., and Joe Castaldo. 2018. How Huawei Built Its Brand in Canada. <https://www.theglobeandmail.com/business/article-how-huawei-has-worked-to-build-its-brand-in-canada/>. Accessed March 1, 2020.
- Sarasvathy, Saras D. 2001. Causation and Effectuation: Toward a Theoretical Shift from Economic Inevitability to Entrepreneurial Contingency. *Academy of Management Review*. <https://doi.org/10.5465/AMR.2001.4378020>.
- Shepardson, David, and Diane Bartz. 2018. Trump Mulls Executive Order That Would Ban Companies from Using Huawei, ZTE: Reuters. <https://globalnews.ca/news/4795653/donald-trump-executive-order-ban-companies-huawei/>. Accessed March 1, 2020.
- Shepardson, David, and Karen Freifeld. 2019. Huawei Gets 90-Day Extension to Buy from U.S. Suppliers Before Ban Takes Effect. <https://globalnews.ca/news/5783102/huawei-90-day-extension-trump-ban/>. Accessed March 1, 2020.
- Shu, Catherine. 2018. New Defense Bill Bans the U.S. Government from Using Huawei and ZTE Tech. <https://techcrunch.com/2018/08/13/new-defense-bill-bans-the-u-s-government-from-using-huawei-and-zte-tech/>. Accessed March 1, 2020.
- Smart, Amy. 2019. Huawei Executive's Defence Team Alleges Canadians Acted as 'agents' of FBI. <https://vancouver.sun.com/news/national/huawei-executives-defence-team-alleges-canadians-acted-as-agents-of-fbi>. Accessed March 1, 2020.
- Snyder, Jesse. 2019. Growing Number of Canadians Oppose Huawei's 5G Bid as China Hardens Foreign Policy Stance: Poll. <https://nationalpost.com/news/growing-number-of-canadians-oppose-huaweis-5g-bid-as-china-hardens-foreign-policy-stance-poll>. Accessed March 1, 2020.
- Stubbs, Jack, and Alexandra Alper. 2020. 'Shot Across the Bow': U.S. Steps Up Pressure on UK Ahead of Huawei Decision. <https://www.reuters.com/article/us-britain-usa-huawei-tech/shot-across-the-bow-us-steps-up-pressure-on-uk-ahead-of-huawei-decision-idUSKBN1Z70NV>. Accessed March 1, 2020.
- Teece, David J., Gary Pisano, and Amy Shuen. 1997. Dynamic Capabilities and Strategic Management. *Strategic Management Journal* 18 (7): 509–533. [https://doi.org/10.1002/\(SICI\)1097-0266\(199708\)18:7<509::AID-SMJ882>3.0.CO;2-Z](https://doi.org/10.1002/(SICI)1097-0266(199708)18:7<509::AID-SMJ882>3.0.CO;2-Z).

- The Associated Press. 2019. Huawei: 5G-Ready Phone Due this Month. <https://www.bangkokpost.com/tech/1744489/huawei-5g-ready-phone-due-this-month>. Accessed March 1, 2020.
- The Canadian Press. 2019. Huawei to Move Research Centre from U.S. to Canada, Founder Says. <https://www.cbc.ca/news/business/huawei-research-centre-1.5382725>. Accessed March 1, 2020.
- Vomiero, Jessica. 2018. Stephen Harper Urges Canada to Ban Huawei from 5G Network in Fox News Appearance. <https://globalnews.ca/news/4740979/stephen-harper-canada-ban-huawei-5g/>. Accessed March 1, 2020.
- Wahba, Phil, and Melanie Lee. 2010. Motorola Sues Huawei for Trade Secret Theft. <https://www.reuters.com/article/us-motorola-huawei/motorola-sues-huawei-for-trade-secret-theft-idUSTRE66L0J220100722>. Accessed March 1, 2020.
- Weisman, Steven R. 2008. Sale of 3Com to Huawei Is Derailed by U.S. Security Concerns. <https://www.nytimes.com/2008/02/21/business/worldbusiness/21iht-3com.1.10258216.html>. Accessed March 1, 2020.
- Wingrove, Josh. 2019. Canada's Huawei 5G Decision Said to Be Months Away. <https://www.bnnbloomberg.ca/canada-huawei-5g-decision-said-to-be-months-away-1.1200341>. Accessed March 1, 2020.
- Wintour, Patrick. 2019. John Bolton in UK to Meet Johnson and Brexit Hardliners. <https://www.theguardian.com/us-news/2019/aug/11/john-bolton-arrives-in-uk-to-seek-support-on-iran-and-huawei>. Accessed March 1, 2020.
- Xu, Vicky X. 2018. New Zealand Blocks Huawei, in Blow to Chinese Telecom Giant. <https://www.nytimes.com/2018/11/28/business/huawei-new-zealand-papua-new-guinea.html>. Accessed March 1, 2020.
- Yan, Jackie Zheng, and Sea Jin Chang. 2018. The Contingent Effects of Political Strategies on Firm Performance: A Political Network Perspective. *Strategic Management Journal* 39 (8): 2152–2177. <https://doi.org/10.1002/smj.2908>.
- Young, Ian. 2020. Canadian University Must Thread Needle Between the US and Huawei. <https://www.inkstonenews.com/politics/huawei-research-investment-canadian-universities-puts-schools-middle-choppy-geopolitical-waters/article/3045540>. Accessed March 1, 2020.
- Zhou, Marrian. 2019. Canadian Ban on Huawei's 5G Tech Will Trigger 'Repercussions,' Says China. <https://www.cnet.com/news/canadian-ban-on-huaweis-5g-tech-will-trigger-repercussions-says-china/>. Accessed March 1, 2020.
- Zhou, Christina and Jason Fang. 2019. Why Australia Is Prepared to Ban Huawei from Its 5G Network While the UK and Germany Aren't. <https://www.abc.net.au/news/2019-03-07/why-is-the-uk-seemingly-not-as-worried-about-huawei-as-australia/10866848>. Accessed March 1, 2020.