

New bans on Huawei: Another shot in Biden's economic war on China

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The US has fired another shot in the escalating economic war with China by imposing new bans limiting the sale of semiconductors to Huawei. The *Financial Times* (FT) revealed this week that the Biden administration had revoked export licences that allow Intel and Qualcomm to sell their chips to the hi-tech Chinese corporation.

The US commerce department confirmed the new bans to the FT but provided no details nor the specific reasons. A spokesperson declared in the vaguest terms that the US makes such decisions to “protect our national security and foreign policy interests, taking into consideration a constantly changing threat environment and technological landscape.”

Washington's concerns about “national security” and claims of unfair economic practices obscure the more fundamental reason for efforts to cripple Huawei. The rise of Chinese hi-tech companies such as Huawei highlight the historic decline of US imperialism which is prepared to resort to all methods to maintain its global economic and military dominance.

Huawei is highly competitive in key international markets, including mobile phones, laptops and 5G networking equipment, with American hi-tech giants. It devotes huge sums to research and development.

According to a backgrounder report published by the US Council on Foreign Relations last year, Huawei's R&D budget for 2021 was more than \$21 billion—a figure comparable to the top American hi-tech corporations such as Amazon and Alphabet (Google's parent company). As a percentage of sales, its R&D budget was double that of the US companies.

The *Wall Street Journal* noted this week that Huawei was still the world's top company in 2023 in the number of patent applications filed.

Last August, Huawei released its Mate 60 Pro

smartphone powered by an advanced Chinese-made 7-nanometre semi-conductor, demonstrating a technological capacity that the US had been seeking to block with previous bans. Moreover, the release took place as US Commerce Secretary Gina Raimondo was in China to pressure Beijing for more concessions.

In April, Huawei released its first artificial intelligence (AI) enabled laptop, the MateBook X Pro laptop, based on Intel's Core Ultra 9 chip. Leading US Republican anti-China hawks responded by demanding that the Biden administration step up efforts to hobble Huawei's technological advance.

Marco Rubio, the vice-chair of the Senate intelligence committee, and Elise Stefanik, a leading House Republican, wrote to Raimondo demanding she revoke export licences for Huawei. Clearly concerned that previous punitive measures had failed, they declared: “It is clear from these trends that Huawei, a blacklisted company that was on the ropes just a few years ago, is making a comeback.”

Beijing yesterday condemned the latest US move against Huawei, pointing out that the ban obviously gave the lie to Washington's claims that its measures were narrowly restricted to items that purportedly affected national security. “The US restrictions on exporting purely civilian consumer chip products to China and the implementation of a supply cut-off to a specific Chinese company represent a clear case of economic coercion,” a Chinese commerce ministry spokesperson said.

The spokesperson said the US ban “not only contravenes World Trade Organization rules but also severely harms the interests of US companies.” Yesterday, Intel said its sales would take a hit as a result of the export ban. Its shares fell by 2.9 percent yesterday and have lost nearly 38 percent so far this

year.

In comments yesterday, Raimondo branded Huawei as a “threat” without offering a shred of evidence. She disingenuously claimed that the latest ban did not represent a change in policy but was simply an extension to sweeping bans put in place in March to prevent the sale of the most advanced chips used in AI technology, as well as the equipment necessary for their manufacture.

The US economic war against Huawei began under the Trump administration. It implemented a series of bans on the use of Huawei equipment by the Defence Department, then added other federal agencies. In 2019, Trump signed an executive order prohibiting US companies from doing business with Huawei and the Commerce Department added the corporation to its “entity list,” which requires licences to sell it US goods.

US allegations—never substantiated—that Huawei equipment could be used by the Chinese government for espionage and even sabotage and therefore constituted a national security threat, amount to the pot calling the kettle black. In 2013, Edward Snowden, a US National Security Agency (NSA) whistleblower, exposed the extent of the NSA’s massive spying operations, not only on rivals like China but on its own allies and US citizens.

While American intelligence agencies may be concerned about Chinese spying, a less publicised fear is that the use of Huawei equipment in the US and other countries could be a barrier to their own spy and cyberwarfare operations.

Biden has not only upheld Trump’s restrictions against Huawei and other Chinese hi-tech corporations but extended them. A series of bans culminated in March last year in restrictions on the sale of the most advance semi-conductors and related manufacturing equipment to any Chinese company. The US also sought to extend the ban to other countries, by threatening penalties against foreign companies that used US parts in the manufacture of chips or chipmaking equipment sold to China.

Washington inveighs against Chinese government assistance to companies like Huawei as impermissible state subsidies. However, alongside this week’s ban on sales by Intel and Qualcomm to Huawei, on Tuesday the US National Telecommunications and Information

Administration (NTIA) announced \$420 million in grants for companies from the United States and its military allies to build phone network gear that can compete against that produced by Huawei.

The economic war on Chinese corporations is not simply restricted to hi-tech telecommunications but is taking place across a broad front. That includes heavy tariffs on a wide range of Chinese goods and punitive measures against other hi-tech Chinese products such as electric vehicles (EV). Moreover, it takes place alongside a vast US military build-up and strengthening of military alliances throughout the Indo-Pacific in preparation for war with China.

Already involved in an escalating war against Russia in Ukraine and backing Israel’s genocide in Gaza, the US is plunging recklessly towards war with China, which it regards as the chief threat to its dominant position.



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