**Ren Zhengfei's Northern European Media Roundtable**

October 15, 2019, Shenzhen, China

**Ren:** Good afternoon. Welcome to our company. Feel free and speak up about any questions you might have, and I will try and be very direct in my answers. Challenging questions are welcome too.

**01 *SVT*: Maybe it's not a challenging one, but more, if you could just tell us a bit about where your inspiration comes from? What does this building mean for your inspiration? This is a very European setting and it feels like we're back in turn-of-the-century France or something.**

**Ren:** Well, first of all, this building was designed by a Japanese architect and decorated by companies and artists from Russia, Greece, China, and Japan. The layout of this building has the basement be an exhibition hall of our products and technologies, and our customers can chat over a cup of coffee up here after their visit. The architect had several different ideas and combined them all together in order to finish this completed building.

The Songshan Lake campus, Xi Liu Bei Po Cun, which you visited this morning, was also designed by a Japanese master architect Okamoto. He got his bachelor's, master's, and doctorate in the US but doesn't speak good English. His designs you see here today with elements of European classicism are accepted by our review panel. But this design has nothing to do with our company's philosophies.

**02 *SVT*: Your building here feels like it has an international environment, but still there are a lot of countries like the US, maybe the UK, and now potentially even Sweden that want to make laws banning companies that they think might be a security threat. What does this mean for Huawei and what does it mean for a country like Sweden?**

**Ren:** I fully support the EU's new strategy about digital sovereignty. In the past, we cared a lot about material wealth, so geopolitics was very important. Today, we are in an information society. Since information has no boundaries, digital sovereignty really matters. The new strategy of the EU requires that everything should be based on facts, a company should promise to not commit any wrongdoing, and then be subject to review. If this company has not broken its promises, it is a good company and can survive in Europe.

Of course, these EU rules apply to every company, not just Huawei. I think the coordinated risk assessment report the EU has published on the cybersecurity of 5G networks can be carried out in any part of the world.

So I see this report as being positive. We are not worried about it at all because we have never done anything wrong. So we are not worried about more rules and may have more opportunities as long as the rules are only about stringent reviews.

**03 *NRK*: Huawei is at the forefront of two big international struggles. One is the trade conflict between China and the US which also spills over into Europe. The other has to do with the allegations that Huawei can be a tool for espionage. What is your straight answer on Huawei's position, and how do you defend Huawei on these two fronts?**

**Ren:** First, I want to make it clear that the conflict between China and the US has nothing to do with Huawei. Huawei has virtually no business presence in the US, so whatever the result of the China-US trade talk ends up being, it won't have an impact on us.

Second, though the US has put us on its Entity List, we have now used our own chips in the vast majority of our products. In the past, we limited the use of our own chips and used more chips from the US. We did this so that we could keep good ties with US companies, which have maintained strong relationships with us over the past three decades. Why did we stop using their chips all of a sudden? When the US suspends our supply, we have to start using our own chips on a larger scale. We have been preparing this for years. It didn't happen all of a sudden. The US government thinks cutting supply to Huawei will give them a leg up in its trade war with China, but really, it fails to hit its target. The sales of its own companies have been weakened instead.

Third, in terms of cyber security, Huawei has been faced with accusations from the US. But as you know, these accusations are groundless. Our sound track record has proven that Huawei is a reliable company. Over the past 30 years, we have served three billion people in more than 170 countries and regions. Even today, there hasn't been a single incident of data theft. An article published by the Lithuanian newspaper *Lrytas UAB* implied that the leaked information of the African Union was allegedly related to Huawei. The Lithuanian court has obliged *Lrytas UAB* to publish a statement to retract its false statements and apologize to Huawei. Our 30 years of sound track record is a testimony to people in Northern Europe that we are credible.

What will things be like in the next 30 years?

Mr. Yang Jiechi, a member of the Political Bureau of the Communist Party of China (CPC) Central Committee and Director of the Office of the Foreign Affairs Commission of the CPC Central Committee, made a statement at the Munich Security Conference that China has no law requiring companies to install backdoors. Premier Li Keqiang reiterated this point at a press conference following a recent session of the National People's Congress. So, from simply a policy perspective, we would never install backdoors in our equipment.

And from the perspective of our best interests, the backlash of a wrongdoing like this would spread around world, and our business credibility earned through 30 years of hard work would be damaged. With all our employees running away, I would need to repay tens of billions in bank loans for the company. So I have no motivation for doing something like this. I can promise people in Northern Europe that we respect their digital sovereignty and would never do anything that would violate it.

Fourth, let me make a quick example. When a truck manufacturer sells a truck, the driver decides what the truck will carry, not the truck manufacturer. So, when our telecom equipment is sold to a carrier, it is the carrier and the local government that control and govern the data, we don't. So it is impossible for us to steal anything. We are a firm supporter of digital sovereignty.

That's why the US's accusations are groundless and they haven't presented any solid evidence to support these accusations. These are purely speculative and not the truth.

**04 *NRK*: Norway is an ally of the US and a member of NATO. It's under pressure from the US, and just recently, Telia, who is its second biggest carrier, decided that they would use Ericsson for their 5G technology. And then there's Telenor, Norway's biggest carrier and one of Huawei's big global clients, who will make their decision about 5G later this year. Do you think that the decision by Telia was made based on network speed and quality or did political factors come into play?**

**Ren:** We respect whatever decisions our customers make, which is basically the same as buying clothes at the mall. Everyone has different tastes, so our customers are going to buy whatever they want. There are countless carriers around the world, and it's impossible to make every single one of them like us. We were not able do this in the past, and it is even less likely for us to do so given the current situation we find ourselves in.

***NRK*: Are you excluding the possibility that the political climate has influenced Telia's decision?**

**Ren:** I'm not a decision-maker at Telia, so I could not tell you if their decision was politically influenced or not. As of now, we have signed 60 contracts for 5G and have shipped 400,000 5G base stations. And these numbers are still going up. Decisions made by one or two customers do not represent how the majority of our customers feel about Huawei.

**05 *Yle*: You mentioned shortly that you have been able to become self-reliant. I would like to hear more about this. How did you get to that point? Where do you feel you have been able to do it well and where do you feel the difficulties of being on the Entity List?**

**Ren:** To be frank, we have not seen a substantial impact of the US's attack on our communications domain. The attack is primarily against 5G and core networks. I can tell you that our revenue from the communications domain, including 5G and core networks, will not decline this year; in fact, it is estimated to grow by 0.1%. We will see growth with our communications domain, especially with 5G. There is little impact in this domain.

Our consumer business however will be affected. If the US does not allow us to participate in the Google ecosystem, we will see it play out in overseas markets.

We also find ourselves slightly behind US companies in intelligent computing and need to double our efforts to catch up.

***Yle*: What's your view on what's happening in the industry as this divide seems to grow? If it continues, do you think you will be able to build sort of another ecosystem besides Google? Will you be able to match their strength?**

**Ren:** We have a good working relationship with Google. Even if we develop our own ecosystem, that ecosystem will not be used to compete with them. I think if the world has ecosystems by Apple, Google, as well as Huawei, it will help advance our societies. We have never considered anyone as an adversary.

**06 *DR*: You've said very clearly that if Beijing ever asked Huawei to spy on their behalf, you would close this company. I'm very fascinated by this answer. How would you in practice do this? It's very clear that you have a very powerful Chinese government and you have a president who doesn't tolerate dissent. How would you in practice close Huawei and make sure that was not a state takeover?**

**Ren:** The Chinese government has never asked Huawei to spy on their behalf. In the past, they didn't even know networks could have backdoors. Since the US started making baseless accusations against Huawei, the Chinese government started to take cyber security seriously. It has taken some time for China to come to this level of awareness.

We have been subject to the strictest evaluations in the UK, performed by world-class technical experts. According to their findings, Huawei has no malicious cyber security issues, but the quality of our software has room for improvement. The UK has placed trust in Huawei, and our business has developed very quickly there over the past decade. We also place huge trust in the UK and have established our own cyber security evaluation center there.

***DR*: Even as powerful as you are, can you say no to Beijing, say no to the Chinese President and leadership?**

**Ren:** At the Munich Security Conference, Yang Jiechi, a member of the Political Bureau of the Communist Party of China (CPC) Central Committee and Director of the Office of the Foreign Affairs Commission of the CPC Central Committee, made it very clear that China has no law requiring companies to install backdoors in their equipment. During a press conference held after a recent session of the National People's Congress, Chinese Premier Li Keqiang reiterated this point. These are all directives from top government officials.

**07 *Dagens Industri*: In an interview with *The* *Economist*, you recently proposed that you could license all your 5G technology to a non-Chinese company and allow them to use your 5G patents on fair, reasonable and non-discriminatory (FRAND) terms. Have you had any reactions to that statement yet? And have you had conversations about using your 5G patents with Ericsson?**

**Ren:** First of all, this is a very big decision that will not be made quickly by any company that might be interested. Ericsson does not need to buy 5G patents from us because we have already signed cross-licensing agreements with each other. Patents are shared between our two companies. Ericsson has what it needs to develop 5G technology and does not need to spend huge sums of money to buy 5G patents from us.

I think US companies are the ones who need our 5G patents, because they don't have 5G technology and patents in the US. Without them, it would be difficult for the US to move forward. So far, we haven't seen any reactions to our offer from big US companies.

***Dagens Industri*: No reactions from any big American companies on this?**

**Ren:** Correct. We've heard from some intermediaries who want to play the middleman, but they don't represent any big US companies. I don't think the reactions from the intermediaries are that important at the moment. What's important is for us to directly communicate with big US companies.

**08 *Dagens Industri*: My second question, so the United States is contemplating funding money to issue credit to your competitors, including Ericsson, to make it easier for them to compete with you. What's your view on this business practice, this trade practice? Do you find that fair, especially off the back of the fact that the United States is blaming Beijing for state support of its companies?**

**Ren:** First, it is understandable if the US government issues credit to Ericsson and Nokia, or customers that buy equipment from them. It is a positive measure that we understand and support. I think this is good for society, because new things cannot collect funds as soon as they start developing. So I understand and support what the US government is doing.

Second, Huawei is unable to receive such financial support. Over the years, our business operations have provided 90% of the capital we need and are continuing to contribute cash flows to the company. So we have sufficient cash. Our rapid growth over the years is attributed to sufficient money and simple decision-making processes.

In the capital market, many shareholders often spend so long arguing that an age has passed before they have finished. However, we have a unified will at Huawei when it comes to decision making, so that we can quickly decide and invest large amounts of money in certain areas. This is a characteristic of our management.

Providing buyer's credit is a common practice internationally, so it is understandable for any country to help its export companies. For example, airplanes are bought through financing and leasing. Airlines have to pay off the money to banks in seven or eight years before they own the planes. Financing and leasing are common practices all over the world, so we support the US government's funding for Ericsson and Nokia. If their market shares increase while ours decrease, there would be no conflicts between us.

**09 *Helsingin Sanomat*: My question is about reputation. Some people see Nokia's reputation as more transparent and more reliable compared with Huawei's. Can you describe your personal view on that? Is Nokia as pure and innocent as some people see?**

**Ren:** Finland is a great country. I have two reasons for believing this. First, today's Android system originated from Linux, which was invented in 1991 by a Finnish person. Linux then went open source and evolved into today's Android. Finland has made significant contributions in this regard.

Second, we worked with the University of Tampere and invented block-matching and 3D filtering (BM3D) technology for noise reduction. With this technology, people can use cellphone cameras to take clear photos in the dark. This technology was initially found in an academic paper from a Finnish university.

Third, Nokia is a role model that we used to admire. Nokia started as a pulp mill and developed into a leading global cellphone maker. But Nokia later took a detour during the course of its development. The company stuck with the path of the Industrial Age, which placed quality as its top priority. Nokia phones were the only phones that could be sustained for almost 20 years. Someone once asked me to help repair his phone. When I found that it was a Nokia phone dating back over 20 years ago, I thought he should take it to Nokia's museum in exchange for a new one. This example showed that Nokia was determined to follow the path of the Industrial Age.

Technologies evolve very rapidly in the information society. The quality of mobile phones is now overshadowed by customer experience, but Nokia has failed to keep pace with this trend. However, Nokia is still a great company.

Some people always think that Huawei is not transparent. But in fact, Huawei is highly transparent. Our financial reports have been audited by KPMG for over a decade, and our financial statements clearly explain where our money comes from. The US government should take a look at these statements.

Some people think we are not transparent because we haven't gone public, but this doesn't make sense to me. Huawei adopts a new model under which its funds are collected from its employees. This may even become a model for most companies in the future. How is this model different from those of Northern Europe? There is no difference at all. In other words, we embrace employee capitalism, instead of the large-shareholder capitalism adopted by Wall Street, and there are no zillionaires at our company. Under employee capitalism, many employees are getting a certain amount of shares, providing assurances to them once they are retired or if they get sick. Isn't this modeled after those of Northern Europe? Don't you embrace people's capitalism? Northern Europe does not have zillionaires, but it is still one of the richest places in the world.

Norway is very wealthy, but the people there still drive small cars and live in small houses. Every time I return from Norway, I ask our employees to learn from the country. In China, people tend to buy big cars and big houses. Since we are still a developing country, how can we live such luxurious lifestyles? We should be saving money for production and investments.

Our company is transparent throughout and exposed under the sunshine. Over the past 30 years, people around the world have kept a close eye on Huawei, including the Central Intelligence Agency and other US government agencies. They've continued watching us but haven't found any problems. Isn't this a proof of our transparency? We are just as transparent as Nokia.

**10** ***Helsingin Sanomat:* About Mr. Xi, you are a really powerful man in China and member of the party. Can you describe your personal relationship with Mr. Xi Jinping and the last time you met?**

**Ren:** I only met President Xi once at Huawei's UK office in 2015.

***Helsingin Sanomat:* You don't think you will meet the Chinese President again?**

**Ren:** Maybe. It would be nice to see him again, but I haven't got any invitation yet.

**11 *SVT:* Still you may have been personally affected by this rift between the US and China since your daughter has been arrested in Canada. How do you see that? Is that designed to put pressure on you and your company or designed to put pressure on China more?**

**Ren:** As for the case regarding my daughter's detainment in Canada, this will be decided by the law.

***SVT:* You don't think that has any relationship to the tense situation between US and China?**

**Ren:** Right now we can't know for sure if there is a relationship. My daughter is a grown woman, and she can handle the challenges herself. I have three kids, and they are all independent and strong-willed. I have been married twice. Right now, I am married to Yao Ling. She is a kind and responsible mother. For 20 years, she chose to stay home to take care of our daughter, teach her to be diligent in her studies, and help her form good habits. My youngest's achievements are the result of her own strength and the education she received from her mother. I have always been busy with my work and didn't spend much time with my kids during their childhoods.

I think letting kids face some challenges isn't necessarily bad for them. As for the challenge now facing Wanzhou, I hope it won't get tangled up with state affairs. I don't think the country should make concessions for us, because they may have to sacrifice the interests of the less privileged. We think we should solve the issue by relying on the law and the courts.

**12 *NRK:* In the current political climate, what is your advice to the big carriers that will now decide on 5G? What should they base their decisions on regarding which to choose and to what extent should they listen to their own government? What would be your advice to European countries' governments in the current political situation?**

**Ren:** I fully support the digital sovereignty proposed by the EU. Digital sovereignty is as important to a state as their geographical sovereignty. Geographical sovereignty relates to geopolitics. This is not the case with digital sovereignty because information flows globally, so digital sovereignty is necessary. I agree with the idea that every country should establish their own digital sovereignty, and I fully support the strategies and requirements of digital sovereignty. We will try our best to contribute to the infrastructure they need in the EU. We are committed to going open source with our key technologies such as compilers and MindSpore framework for AI and Kunpeng products for European and global developers. European companies can innovate based on these open platforms, and their innovations will impact the world and extend to China. This will help improve their market and revenue structures. We aspire to support the development of at-scale digital ecosystems in Europe.

***NRK:* Given the current political climate, how important is technology, speed, and quality in products? How important should each of these things be in decision making?**

**Ren:** It's very hard to say. Different people like to buy different things. There is no standard way to decide what to buy. It wouldn't be practical for shops to only sell Hermès bags and not sell any other brands. Shops will sell different commodities for different uses. I don't think it's appropriate to buy things based on political factors. Products related to infrastructure have long lifecycles, and if you lag behind at the beginning, it becomes hard to catch up.

For example, Europe lagged behind China more than a thousand years ago. China's prosperity in its Tang and Song Dynasties is reflected in classical Chinese paintings like *Along the River During the Qingming Festival* (*Qingming Shanghe Tu*). Why did Europe develop faster while China fell into poverty over the last few hundred years? Because Europe invented the train and steamship, while China was still using horse-drawn carriages. Carriages move much slower than trains and carry less cargo than ships. Therefore, Europe developed, and China lagged behind in terms of industrialization. Speed determines achievement.

As for 5G, I think people should choose products that are able to deliver fast speeds, large bandwidths, and low latency for the development of an information society. 5G has presented new development opportunities, and we should choose the best equipment. I think products made by Ericsson, Nokia, Huawei, and Samsung are good choices, and are able to support decent networks. Carriers make their own choices based on their own decision-making mechanisms. They need to take speed into consideration, because speed is critical to social advancement. Trains and ships were faster than Chinese carriages, so Europe developed faster than China.

**13 *Yle:* One thing that has certainly happened is that China has caught up on the ship and horse carriage game. So how did Huawei manage to overtake Nokia and Ericsson and why is there no mobile network company in the US? What is the Chinese idea? Why has it worked so well?**

**Ren:** First, Huawei, Ericsson, and Nokia are on good terms. We worked together to create industry organizations like the 5G Automotive Association (5GAA) and the 5G Alliance for Connected Industries and Automation (5G-ACIA), which are set to contribute significantly to Europe's industrial development. Europe is known as a talent hub with a small population. With AI, Europe will be able to produce a massive quantity of goods with a relatively small workforce. There's a lot to look forward to in terms of what AI can bring to Europe. 5G is just a supporting pillar of AI. We are working with Ericsson and Nokia in good faith to advance the development of 5G.

As we move forward, conflicts between us will inevitably arise. But I would characterize our relationships as competitive and cooperative. Both competition and cooperation are important to drive us forward.

***Yle:* For the telecom companies in the US, there were competitors from there, and now there aren't any. Do you think that there's some sort of difference between you? Why did they vanish? Why didn't they manage to compete with you and the Nordics?**

**Ren:** The US companies chose the wrong path. In terms of technology, the US is the most powerful country in the world. With its strong influence, the US strong armed the world into accepting CDMA and WiMAX. However, European standards – WCDMA – still eventually became mainstream. US companies failed to follow through the 3GPP approach in their research. As a result, their tech didn't sell well abroad, which hurt their financial performance. Huawei's rise can't be blamed for US companies' decline. They vanished because they chose the wrong path.

**14 *DR:* In the interviews you actually praised the American President. You've even said it's good that he lowered the taxes in the US. At the same time, a lot of people would probably say that he's also the architect of a lot of your troubles – your personal troubles, your company's troubles. What do you actually think of the American President?**

**Ren:** I think the world should learn from the US president and lower the taxes so that businesses can earn more and develop more rapidly. Tax cuts aside, Mr. Trump is also wielding the stick against many countries, which is deterring foreign investment. Tax cuts were meant to attract foreign investment. If everyone is afraid to invest in the US, who will fill the revenue gap caused by the tax cuts? With less tax revenue, the US will find itself in a difficult financial situation.

If the US were nicer to other countries while lowering taxes, it would be a great boost to the US economy. However, the US is lowering taxes on one hand, and getting into trouble on the other hand.

The Chinese government is also cutting taxes, bit by bit, to reduce pressures on businesses and inject vitality into business. We believe all countries will eventually go down this path, because no country will be able to afford an excessively expensive welfare system.

***DR:* You must have some days or evenings when you dream a little bit of Donald Trump losing the next election.**

**Ren:** First of all, Trump has never appeared in my dreams. I don't miss him that much.

Second, whether or not he is re-elected will not affect us all that much. Whoever the next president is, we don't expect Huawei will be removed from the Entity List. No one in the US will speak for Huawei. Therefore, we are mentally prepared to remain on the Entity List for a long time. We must get used to living with it.

At Huawei University, classes often begin with a warm-up video of students from China's Hengshui High School doing morning exercises. It is a high school in an underdeveloped county. We all know that it's very difficult to change China's education system and the general teaching methods, and the school knows this too. But they changed their methods to adapt to the external environment and achieve success.

What have we learned from this high school? We can't change the world and we can't change our external environment, but we can change our own methods so that we can achieve success within the existing environment.

The US may or may not elect a new president, but this will not change their policy towards us. We must be mentally prepared for this for a long time to come. If we rely too much on luck, we may one day fail.

**15 *Dagens Industri:* I would like to come back to the issue of Huawei and possibly other Chinese tech companies becoming self-reliant on equipment, and how this turbulence has added more urgency to this issue. You said, for example, using your own chips will boost your profits, which I found interesting. I would like to hear a little bit more about how it would boost your profits. And could we draw the conclusion that this trade war, this tech war, has actually been in favor of Huawei and Chinese tech companies in your push to become more self-reliant on equipment?**

**Ren:** First of all, we don't want to see de-globalization happen. We should firmly pursue globalization. We have been forced to use our own components as a last ditch effort because the US stopped supplying us with their components. We don't want to collapse, so we are using more of our own components. But in the long run, we believe globalization will create more wealth for humanity. We firmly believe in globalization.

Will some Chinese companies grow big enough to overtake US companies? That's possible. But we are not counting on this possibility. I think the US is still the most powerful country in the world. We are not seeking de-Americanization or trying to decouple from the US. We have contingency plans in place to offset the impact caused by the US denying our access to US suppliers.

**16 *Helsingin Sanomat*: How do you see China's national security law and how does it affect Huawei? For example, a part of the law says individuals and organizations must cooperate with national security officers if needed. So does Huawei need to obey the law, too?**

**Ren:** I don't quite get what this part means. Chinese leaders have clearly stated that no Chinese law requires Chinese companies to install backdoors in their equipment, and we comply with this instruction.

**17 *SVT*: What's next after 5G? How do you see the future for Huawei and for competitor companies?**

**Ren:** I think that following 5G, we will see the large-scale adoption of AI, but there are three basic preconditions for that. First, the availability of super-computing systems. Second, the availability of super-large-capacity data storage systems. And third, there must be super-fast connections between these two systems. When these conditions are met, AI will have huge potential.

In fact, AI was proposed by Alan Turing of the UK in the 1940s, but it only began to be applied 60 to 70 years later. Why is that? It's because these three preconditions had not been met until now. 5G is only a tool that supports AI with its low latency and large bandwidth. I believe that AI will develop rapidly around the world.

I think Europe will benefit most from AI, because European industry has very advanced systems engineering. They can use less labor to make more and better products. Europe is well positioned in this regard, because it has a relatively small population and has a well-trained workforce. With AI applied in production systems, they will be able to make more products. That's why I think that Europe will benefit most from 5G and AI. Huawei, Ericsson, and Nokia have set up the 5GAA and the 5G-ACIA. Both of them will promote better use of AI in production systems.

Will China also benefit this much from AI? I don't think that will be possible in the near future. This is because China's industry has just moved from manual to mechanical. The next step will be to move to automation and then to digitization. Only after we go digital will AI have a major role to play. So it will take a longer time for AI to play a role in China.

**18 *NRK*: How do you think that 5G and artificial intelligence will change society and the way we live?**

**Ren:** This question is too complex for me and I don't have enough knowledge to give a proper answer, but I can give you two examples.

In China, there is a 500-hectare farm that entirely relies on AI for production management, with no farmers working there. There is also a mine in Northeast China, but its operators are located in Shanghai.

If there were another disaster like the explosion at the Chernobyl nuclear power plant, we wouldn't have to send 600,000 soldiers for rescue and cleanup operations, like the Soviet Union did; we could use AI to operate robotics instead for the rescue efforts. Even today, we are moved by the spirit of sacrifice demonstrated by these Soviet Union soldiers. The first one to charge in, shovel in hand, was a lieutenant general. People can be exposed to high levels of radiation for 45 seconds at most; any longer could be fatal. At the time, 600,000 soldiers and thousands of helicopters carrying earth were sent to bury nuclear waste.

I don't know whether you have visited our mobile phone production lines. If you have, you may find that we have only a few people on the production lines. This is only partially intelligent production. If Europe uses this mode of production on a large scale, they would make more products with relatively few workers. This will translate into higher yields and returns and significantly reduce social conflicts.

What will AI ultimately bring to future society? I'm not sure. I'm still envisioning what AI will bring as it continues to develop.

Europe is the first region that has proposed the concept of digital sovereignty. I think it's a very wise decision. It acts as a lighthouse and sets a benchmark for the development of information society around the world. We used to emphasize physical boundaries because of geopolitical factors. We used to claim that things like mines and trains were all ours. Now when information travels around the world, digital sovereignty becomes necessary to support national development. We will resolutely support this concept.

We will go open source with our AI ecosystem to support the innovation and development of European start-ups and small businesses. Our goal is to share success with our European partners, not to be the sole winner.

**19 *Yle*: It seems that everybody is happy with the cyber security report that the EU made. Even the US is happy with it and you're happy with it because it doesn't mention names, but the US thinks that some names are written between the lines. How do you see this? Is there a Chinese company name between the lines of the EU cyber security report?**

**Ren:** I don't think so. First, the EU has proposed that everything should be determined based on the facts as that is fair to all vendors. Second, vendors should first promise that they will not build backdoors into their equipment and then should subject themselves to review. I think this is a scientific approach as it applies to all vendors. We support and welcome this approach. Different countries and people, including lawmakers, may have different interpretations or opinions. I think the conclusions of the report are fair.

**20 *DR*: You started your career in the Chinese army, the PLA, and later on you created this empire. Do you understand why some people outside China are very confused? Are you basically a good old communist inside, or a capitalist? Do you have to choose between those two?**

**Ren**: First, every soldier that chooses to leave the army is going to look for a new job. It's like this in every country. In total, the Chinese army has discharged tens of millions of soldiers; it would be ridiculous for all of them to stay at home and not work. I was just one of these soldiers.

Second, regarding what kind of ideology Huawei follows, we don't really have a pretty label for what we are. There are over 90,000 employees who hold shares in Huawei. Even though I have more shares than any other individual, I still only have less than 1% of all shares. Of course, our mechanism may not work for other companies, but it works for us as a technology company. The company's wealth is in the brains of our employees instead of any special quality of mine. If I were to hoard all the rewards, people wouldn't stay with Huawei, and nothing would be left. We distribute shares to employees according to the value of their brains. This is the foundation of our so called ideology. It's not specifically based on any traditional ideology. I don't know what to call it exactly, but I guess it may be called employee capitalism.

**21 *DR*: Decisions about this company, also about the Union and the stakeholders. Aren't you still the actual person who, at least for a couple of years, will guide the direction of Huawei?**

**Ren:** Operational decisions are actually out of my hands, and I don't directly manage anything in particular. Instead, the Board of Directors does all of that. I do have the right to veto decisions on certain major issues, but I've never actually used this right. I just consult with members of the Board of Directors on major issues.

**22 *Dagens Industri*: I would like to ask you again about how you see your chips increasing profits. To me, it sounds tremendously expensive. Could you explain to me how developing your own chips and your own operating system, developing other equipment and services will affect your revenue and profits going forward?**

**Ren:** When people buy chips, what they are actually buying is the use of a bunch of math and physics equations. We had already been developing the data models for those equations, and that cost was already covered by our operational budgets over the years. Companies that don't develop their own chips need to bear this cost when they buy chips from other companies. This part is rather profitable.

Second, we manufacture a large number of chips. We will produce 270 million smartphones this year. Producing such a huge number of smartphones means that we may need to source chips from several different chip makers. We don't just use things on a small scale. Once you scale out these things, the cost drops.

***Dagens Industri*: Will you start selling chips to other companies too? Is it possible in the future?**

**Ren:** We don't currently plan to do this.

**23 *Helsingin Sanomat*: What are your personal views on Huawei products? Do you use social media? Do you prefer to read your news online or in the paper? Are you a tech nerd or more of a traditional type of man?**

**Ren:** I use social media, and I look at stuff online. I mainly look at criticisms towards us, and I pass those criticisms on to relevant staff. I do this to remind them to check for problems with our products. As we all know, our products are used by billions of people. When people use our products, they are likely to find problems that are hard to identify in the lab. Some people post what they identify online, and when I see such posts, I am grateful, because then I can check with the relevant department as soon as possible to see if any improvements can be made.

We have an internal web forum at Huawei called the Xinsheng Community, where many employees criticize the company. We don't think they are bad employees for criticizing us, and instead understand that most of them are probably really good employees. If an employee's criticism is useful, our Human Resource Management Department checks their performance records for the last three years. If they have done well, we actually bring them to our headquarters to work for three to six months. During that time, we give them training to equip them with more knowledge, and then send them back to their original posts. They might be promoted in the future after that. We wouldn't promote an employee just because they identify problems. Instead, we promote them after they make contributions on the frontlines. Our internal criticism platform is open to all our employees, and is like a Roman Forum where large-scale debates take place. It's a tool that helps us self-correct. This is similar to what happens in the US. Being able to self-correct makes the US a great nation. Trump is a great man, but his staff also criticize him. The US can correct itself if it makes mistakes. Like the US, we also have a self-correction mechanism. I've made looking at online posts a bit of a habit. I skip the good things people say, but look at the bad and pass it onto the relevant people.

After dinner, I normally read news, go for a walk, and take a shower. After that, I do a bit of email and look at people's comments about us before going to sleep around one o'clock. I forward anything I find to relevant people as I find it, sometimes as late as midnight. I know this makes some people wonder whether I actually sleep or not. In fact, I just send the comments when I wake up and see them in the middle of the night. That is very simple.

***STV:* So no nightmares about Donald Trump?**

**Ren:** No, none. I actually feel like I need to thank Trump. After the company's 30 years of development, the majority of our employees have become fairly rich. However, this has made them complacent and they have started slacking off. Shenzhen is a great place to live, so why would they want to go and work hard in places like Africa and risk diseases like malaria? If all employees think this way, the company is bound to collapse soon.

However, with Trump brandishing his stick, our employees became nervous and aware that they must work hard to till the soil. That's why our sales revenue has increased, and our company has not collapsed yet. This is the result of our employees' collective efforts.

In this sense, I don't think Trump is a bad guy. Our employees were scared because he intimidated Huawei. I also used to intimidate our employees, but the stick I used was not as large as Trump's. So his intimidation played a big role in driving our employees to work harder than ever before.

**24 *STV:* What would other Western countries risk if they follow the US example and ban Huawei?**

**Ren:** I think other Western countries make their own decisions based on their own interests. There is no way they will all follow in the US's footsteps, because the US doesn't share what it earns with these countries.

If the US shared the money that it earned equally with other Western countries, it would make sense for these countries to follow the US. But the US only cares about its own interests, and even adopts its "America First" policy, showing it doesn't put its allies first.

That's why we believe that all countries will make their own independent decisions.

**25 *NRK:* People are saying that you and President Trump are men of the same generation. If he said "I want to see Huawei for my own eyes," "I want to visit Mr. Ren," what would you show him?**

**Ren:** I would show him anything he's interested in, and even give him a hug. It's just like when you visit our exhibition halls, you can film and photograph what you see. When reporters from AP visited our facilities, they even took photos of our circuit boards. I don't think it matters. If he wants to, he is even welcome to visit my office, though my office is not as nice as his.

**26 *Yle:* 5G is a political thing, a cyber security thing. And next, there is AI, as you just said, it will be the same. As you said, you don't expect to be removed from the Entity List soon. So isn't it certain that there will be some divides or de-globalization in the technological world?**

**Ren:** I don't think that would happen. If we build a localized ecosystem in Europe, and support the separate development of companies in different countries, then these companies would not necessarily have strong relationships with Huawei. It would be impossible for the US to impose sanctions on each and every one of these companies, so they would still have the opportunity to develop. Huawei alone is not sufficient to change the trajectory of globalization or the way things work.

**27 *DR:* A lot of people are scared of the rise of China, probably because of the different political system here. Do you think China has any responsibility for this fear, not only in Denmark, but in many countries? And what would you say to people who are somewhat afraid of a powerful China?**

**Ren:** Denmark is a great country that I have a lot of appreciation for. It is a country that encourages intellectual and academic freedom. That's why Danish people have come up with many great inventions, like Niels Henrik David Bohr, the father of quantum mechanics, and Hans Christian Ørsted, who discovered electric currents create magnetic fields.

I have visited Denmark several times, and I've also studied Denmark's social structure. Denmark implements flexible labor laws, which allows companies to fire incompetent employees for justifiable reasons. But the Danish government has also established training institutions to help these people upskill. Companies in Denmark have become more flexible and efficient in terms of workforce deployment, and pay more taxes. In doing so, Denmark has become a country where employees enjoy decent pay and huge benefits.

If a country overprotects labor, companies operating there would not dare to hire large numbers of employees, making it difficult for them to develop into larger companies. This would bring about many difficulties for this country. So without overprotection of labor, a country actually protects its labor to the largest possible extent. In this sense, Denmark has made huge historical contributions. That's the way forward.

I think China needs to learn from the education and labor systems in Denmark. Why can't China build technical training centers on a large scale, so that the unemployed can receive training and upskill themselves at the government's expense? Without these burdens, companies can go all out to make more money, and pay more taxes, which could then fund more workforce training. This would then help upgrade China's entire workforce, making the entire country progress faster.

**28 *DR:* China has been good enough to explain what it wants with all this power and all this wealth that has come to this country over the last four decades.**

**Ren:** Actually, China's top priority is to lift people out of poverty, because there are still tens of millions of people in China living below the poverty line. The Chinese government is determined to eliminate poverty by the end of next year.

You've been to some coastal cities in China, like Shenzhen and Shanghai, but I would imagine you haven't been to many remote areas here. These coastal cities are not fully representative of all of China. There are many less developed, poor areas in West China.

China must build its strength if it wants to address the poverty issue in its less developed areas. It needs to build infrastructure like railways, roads, and power grids, which can help modernize those poverty-stricken areas. China should remain dedicated to eliminating poverty.

Another important issue for China is to improve its education systems. For example, 70 years ago, 70% of the Chinese population were illiterate, like a person in the West who doesn't understand A or B. Now, there are basically no illiterate people in the country, but there are still many who know little to nothing about science and technology. This is why I think China should establish more vocational and technical schools, so that ordinary people can master technical skills for better employment. This will ensure greater stability in the country, and stability is the foundation of development.

China has been exploring the right path for decades, and shifted from the planned economy to the current system.

30 years ago, Shenzhen was nowhere near as ordered as it is today, and China has been establishing this order gradually. Now, China has developed its own well-organized system. As long as you don't go over the top, you can say anything. That was not the case 30 or 40 years ago. At that time, I would not have even dared to talk to you. If I saw you in the street, I had to turn around and run away immediately. I could have been suspected of wrongdoing if I even brushed past you.

Now China is much more open, and I can talk with you as I like. I'm telling you the truth without polishing anything. I believe China is moving further towards modernization and democracy. It might not be considered satisfactory by people in the West, because you tend to compare China to Western countries, and because you have been on a journey of modernization for several centuries. But people in China are quite satisfied because the country has been improving day by day.

**29 *Dagens Industri*: A question about this wolf culture that Huawei is so famous for. I met several people who worked many years for Huawei, long before you were a world leader, when Huawei was still a challenger. Would you say this last year's turbulence has brought back the feeling of the company being a challenger again and how important is this wolf culture, this fighting spirit, and how does it apply internally when you compete globally?**

**Ren:** The term "wolf culture" was coined by people outside Huawei to satirize us. We didn't come up with the term ourselves. The idea originated from an article where I said that we could learn from wolves' teamwork and perseverance. In the article, I talked about how wolves have sensitive noses, and can smell meat from far away. I hope our employees can learn from wolves to be sensitive to market opportunities and technological development trends. Second, wolves do not hunt alone, but work in teams. This teaches us to value teamwork, and not to fight alone. Third, wolves are tenacious and unyielding. They keep fighting even if they fail at first. We hope our teams can learn from this spirit.

Since not all people can become wolves, they can learn from an animal called the "bei" from ancient Chinese legends instead. Bei were very smart animals, but had short front legs and long hind legs, so they couldn't hunt alone. They had to work with wolves to capture their prey. When they hunted, they held onto a wolf's back. If they saw the wolf running to the wrong direction, they would push it onto the right path. Together, these two animals made a perfect team.

However, in Chinese, the names of these two animals have negative connotations. For over 5,000 years, Chinese society has always been relatively conservative. In our culture, people tend to dislike being too aggressive, and view acting proactively as a negative thing.

Because of this, we didn't come up with a "wolf culture" metaphor on our own. It was proposed by outsiders. In fact, when people first used this term, they thought badly of Huawei. Some experts even wrote that wolves were cruel because they would steal meat from other animals. But that is not what my article was talking about at all. I doubt whether those people read the full article I wrote. But Huawei was not developing very well back then, and many people had a negative perception of Huawei, so this term became quite widely known.

***Dagens Industri*: Do you feel the fighting spirit in the organization has increased over the last six months or the last year because of the turbulence, the trade war, and the tech war?**

**Ren:** Yes. It has increased. We no longer slack off now, and are becoming stronger and stronger.

**30 *Helsingin Sanomat*: Thinking about the future, where is Huawei looking to down the road? And where will Huawei's revenue mainly be from? Maybe Africa or Asia?**

**Ren:** I think most of our revenue will still come from China and Europe.

**31 *SVT*: Being from Sweden, I have to ask, what do you think about Swedish ICT ecosystems and knowledge in IT and Telecom?**

**Ren:** I think Sweden is a great country. Over 20 years ago, when I told the Head of the Guangdong Communications Administration Cui Xun that one day we would catch up with Ericsson, he just laughed at me and said it was impossible. He told me how Sweden does a great job providing universal education and facilitating scientific and technological innovation, and how many new technologies emerge from Sweden.

We are now building a new campus for our Huawei University and the first phase will be finished in the beginning of next year. Its design was inspired by the buildings in Sweden's coastal areas. I think we can learn a lot from Sweden, in terms of both dedicated spirit of the Swedish people and Swedish culture as a whole. Chinese people are beginning to win the Nobel Prize awards. I truly feel that China is making such progress.

***SVT*: Twenty years ago you didn't think you would reach Ericsson's level, but today you think you're ahead of them, at least on 5G. Why? What happened?**

**Ren:** I think the first reason is that we knew we were lagging behind. So we spent more time on our work to try to catch up, even sacrificing the times that other people use to have coffee. Second, we are very open. We collaborate with research institutions and universities all around the world, and provide funding for their research. For example, the theory behind massive MIMO, a key 5G technology, was first proposed by a professor at Linköping University in Sweden, and Huawei was the first to apply the technology to products. To sum up, since we knew we were lagging behind, we have been working all out with partners around the world to catch up with other world leaders.

**32 *NRK*: Your life is in many ways a testimony to China's development. Your generation experienced the Cultural Revolution. You have talked about how you saw French textile machinery and how that influenced your thoughts during the Cultural Revolution. How did China's Cultural Revolution shape the way you think and the way you shaped Huawei?**

**Ren:** I'm an eye-witness to how the People's Republic of China has grown into what it is today from when it was founded. I lived in an extremely poor region when I was a kid, and I saw what life was like for poor people with my own eyes. I also witnessed many political campaigns and how China struggled and kept moving in the wrong directions by constantly swinging one way to another.

I think the Cultural Revolution is the biggest mistake China has ever made, and it had an enormous impact on the country. At that time, China built the Liaoyang Synthetic Fiber Factory with equipment imported from two French companies, Technip and Speichim. During my time at the factory, I had access to world-leading technologies, and was able to distance myself from the radical revolutionary movement. As China sought revival after the collapse of the Gang of Four, I had the opportunities to put what I had learned into practice. As a result, I grew rapidly during that period. Later, China significantly downsized its military so that it could focus on economic development. After my entire military unit was disbanded, I came to Shenzhen, which was then at the forefront of China's reform and opening-up.

At that time, I knew very little about the market economy. For instance, I didn't even know what supermarkets were when many friends who had studied abroad came back and told me about them. I knew nothing about them and could only guess what they were like or why they were called supermarkets. Just imagine how difficult it was for someone as ill-informed as I was to go into the market economy!

At first, I worked as the deputy manager of a small company and had very little power. Other managers were directly appointed top-down with certain titles; some of them never reported to me, but any mistakes they made would be my responsibility. With a poor grasp of the market economy, I made a big mistake that got me cheated out of a ton of money. Reclaiming that money took me more than a year. I couldn't afford to hire a lawyer for my lawsuit, so I studied all the law books I could get my hands on and tried to be my own lawyer. In the end, what I got back were assets, rather than cash. Turning those assets into cash caused some losses to the company, so they decided to let me go. I had no option but to start a company of my own. After I started making some money, I helped my former employer repay some of its debt. It was not until then that I started to grasp a little bit about the market and the economy, and I ran my company without knowing what the world of communications was about.

The first generation of Huawei employees made communications products by referencing a textbook written by a university professor. This simple approach to R&D was the beginning of our journey. One thing that sets Huawei apart is that we spend less on our own meals or clothes but more on the company's future. You may wonder why Huawei is more successful than many other companies. Most Americans throw their money into Wall Street. Most Europeans spend their money on personal wellbeing. At Huawei, we invest all our money into the company's future. And our investments have been enormous. Our annual investments into R&D are around 15 to 20 billion US dollars, and we have about 90,000 R&D employees who throw themselves into their work no matter what. Our immense, focused investments have led to breakthroughs.

At Huawei, there is no legacy holding us back, and we are always open to new things. Our 5G technology is based on a mathematics paper by Turkish professor Erdal Arikan. We came across this paper just two months after it was released ten years ago. We have dedicated several thousand employees to analyzing the paper, turning out patents, and getting our 5G business up and running.

We are supporting universities all over the world. This practice has the same spirit as the US's *Bayh-Dole Act*, which provides funds for universities without demanding their research findings or returns on investment. The US government often gives funds to universities, and whatever patents come out of these funds still belong to the universities. We provide funds to universities the same way. Research findings that our funds make possible belong to the universities themselves, and we only want to be informed of the findings. This way, universities are like beacons that light the way for us and others. And we can stay one step ahead of others if we are the first to understand how these beacons work.

At Huawei, a team of 15,000 scientists, experts, and senior engineers focus on understanding the findings of scientists and turning money into knowledge. Another 70,000 engineers turn that knowledge into products and finally money. This is how we have gradually explored our own path and learned new things. Having been through many ups and downs over the past three decades, we are now just beginning to scratch the surface of how things work. But there's still a long way to go, and we can't say for sure that we will never make the wrong step.

***NRK*: Did the Turkish professor ever receive revenue for his family or dividends from Huawei for using his formula?**

**Ren:** No. We wanted to offer him some rewards, but he rejected outright. But we have been supporting his lab.

**33 *Yle*: One thing that was briefly mentioned was the relationship between Chinese government and Huawei. I had a discussion with the Nokia chairman two or three years ago. He said their customers really didn't expect Nokia to give them the kind of financial benefits or terms that you can provide. He might have meant Huawei or Chinese companies in general, I don't remember, but we were talking about Huawei at that time. So there is a possibility that you have strong financial backing from government export credit organizations, and that there's a whole movement in China to make this company global. That would mean Huawei's success is not just Huawei's success; it's sort of the whole of China's push that none of the other technology companies can benefit from. Am I right?**

**Ren:** First of all, export credit was first adopted by Western companies. When China was just starting its reform and opening up, it was still very poor and underdeveloped. As carriers didn't have money to buy equipment from Nokia, Ericsson, or Alcatel, the Western governments provided loans to these carriers to buy equipment from these vendors. However, the Chinese government at that time couldn't provide such loans to carriers, so they didn't buy our equipment. That was how things were in the beginning.

Later, the Chinese government mimicked its Western peers and started to provide loans to carriers in Africa and some other underdeveloped countries. The loans were offered to carriers, not us, because we couldn't afford to take on the debt ratio. In fact, we weren't eligible for that much export credit, and most of the credit was allocated to large-scale infrastructure projects, like bridges and railways. Generally, telecom contracts were relatively small, and most telecom carriers had enough money to buy equipment, so export credit wasn't a critical issue for our equipment sales. In China, export credit was first introduced by Western countries exporting to China. At that time, China was just opened up, and it had very little money.

Export credit has become a common practice around the world.

***Yle*: Do you agree that Nokia and Ericsson are stuck with OECD or some other rules, or other terms on financing, while your hands are freer when you negotiate with customers?**

**Ren:** We have to abide by the rules too; otherwise, it would be difficult for us to survive.

**34 *DR*: Influential people in China don't like the press, especially the foreign press. Until recently, you didn't give interviews like this. How come you feel comfortable doing this? For instance, just a moment ago, you criticized the Cultural Revolution. Don't you sometimes think that even you should be more careful about what you say in China?**

**Ren:** This criticism of the Cultural Revolution isn't mine alone; the government also recognizes the impact of that mistake. It's not like we're not allowed to criticize anything in China. As long as we speak the truth based on real facts, we don't need to worry about what we say. Like in Western countries, China also respects people's freedom of speech. We are just more careful about not crossing the line.