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Huawei in Central and Eastern Europe: Strategic Partner or Potential Threat?'

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1. Introduction

The change of Central and Eastern European (CEE) countries from centrally planned to market economy resulted in increasing inflows of foreign direct investment to these transition countries. During the transition, the region went through radical economic changes, which had been largely induced by foreign capital. Foreign multinationals realized significant investment projects in CEE and established their own production networks. Although the majority of investors arrived from Western Europe, the first phase of inward Asian FDI came also right after the transition: Japanese and Korean companies indicated their willingness of investing in the CEE region already before the fall of the iron curtain. Their investments took place during the first years of the democratic transition. The second phase came after the New Millennium, when the Chinese government initiated the “go global” policy, which was aimed at encouraging domestic companies to become globally competitive.

China’s role as a global investor and financier has indeed grown rapidly in recent decades, nowhere is it so visible as in Europe: from German robot manufacturers, to Greek ports and power plants in Great Britain as well as in the Western Balkans, Chinese investments, acquisitions and construction projects have risen rapidly in the past years, especially after the global financial and the European debt crisis. Since China initiated the

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Belt and Road Initiative (BRI), with Europe as one of its key final destinations, this process has accelerated ever more. The CEE region plays a key role in these plans as the gateway to Europe. At the same time, CEE's appetite for investment is still significant and China is offering an alternative source. As a result, economic as well as political contacts are increasing across the region, which is particularly visible in the 17+1 format.

When searching for possible “pull” factors that could make CEE countries a favourable investment destination for Chinese investors, the labour market is to be considered as one of the most important determinants: a skilled labor force is available in sectors for which Chinese interest is growing, while labour costs are lower here than the EU average. Corporate taxes can also play a role in Chinese companies' decision to invest in the region. Although these efficiency-seeking motives play a role, the main type of Chinese FDI in CEE countries is definitely market-seeking investment: by entering these markets Chinese companies have access not only to the whole EU market but might also be attracted by Free Trade Agreements between the EU and third countries such as Canada, and the EU neighboring country policies as they claim that their CEE subsidiaries are to sell products in the host CEE countries, EU, Northern American or even global markets (McCaleb-Szunomár 2017). In the case of Huawei, industry antecedents (Nokia, Philips, etc.), successful Chinese investors in the region (for example Hisense in Hungary) and already existing necessary infrastructure also played a role in the company's investment decisions. As a result, although major Chinese companies targeted the CEE region after the global financial crisis in 2008, for Huawei, this region became a promising location to invest even before 2008.

Huawei's strategy in CEE follows the company's strategy adopted at the beginning of its operations on the Chinese market to start with areas not yet penetrated by global competitors. In China those were small cities, towns and villages, while in CEE Huawei

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started with only a few projects without officially establishing offices, which were set up only later when business in a given country became more mature (more projects, clients and cooperation partners). The company opened its first subsidiary in Warsaw, Poland in 2004; then, in 2005, Huawei established subsidiaries in Hungary, the Czech Republic, Ukraine and Latvia. In the following years, it opened further subsidiaries in the region. According to the interview with one of Huawei representatives in CEE, the company has 25 big and small offices in the region, which differentiates it from competitors such as Ericsson or Nokia. Instead of choosing only one or a few locations per region, Huawei has many offices in CEE since it focuses on customers, providing excellent customer care that requires engineers in each country.

This chapter will analyze Huawei's CEE operations by focusing on the company's activities in Poland, Hungary and Romania, as these three countries are among the most important European bases for Huawei in this region. A descriptive approach will be used to identify the most important characteristics of Huawei's operations, how it cooperates with host country institutions, relates to competitors and how employment relations look like. These questions will be examined by relying on firm-level data available from Amadeus Database, qualitative data from desk research and expert interviews with current and former Huawei employees, competitors and other experts dealing with the telecommunication sector. The chapter will also show CEE countries' approach towards and engagement with the company before and after the Huawei security scandal. The authors will examine how China, Huawei and its growing presence are perceived by the media in the analysed countries, by using media content analysis within different periods of time.

2. Huawei's Activities in Poland, Hungary and Romania

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In Poland, Huawei has been operating since 2004, currently employing approximately 1000 employees. Since 2008, Warsaw has been the company's headquarters for Central and Eastern Europe and Scandinavia, specializing in sales and marketing for CEE and Nordic countries. Following the centralized model, Huawei CEE & Nordic controls and manages all country offices in the two regions, with all projects having to be approved by the Warsaw center. Huawei has already invested over 5 billion PLN (Polish zloty) in Poland and plans to invest another 2 billion PLN in the next three years (Wyborcza.biz 2019).

Poland is one of the ten strategic markets worldwide for Huawei, which is why the company plans significant investments to develop the brand ecosystem in Poland. In the first phase of the investment, Huawei aims to spend \$10 million on a partnership programme encouraging developers and application owners to be present in the ecosystem, with an emphasis on the Huawei AppGallery app store (Wyborcza.biz 2019). Huawei's plans for investments in Poland are very ambitious and include opening a high-tech research and development centre in Warsaw. This R&D centre would develop mobile software as well as other technology solutions for Huawei products used globally. The company plans to employ 300-500 specialists in the R&D centre in the next three years.

Huawei Poland cooperates with all major telecommunications operators in the field of transmission networks and access devices (modems, routers); and since 2011, Huawei telephones, smartphones and tablets have also been available in Poland. Huawei's growth on the Polish market illustrates the rapid expansion: Huawei started selling its smartphones and tablets on the Polish market in 2011 and as of April 2018, Huawei's share of the Polish market for smartphones amounted to 33.4 per cent (Money.pl 2019). In October 2019 Jefferson Zhang, the head of Huawei CBG (Consumer Business Group) Poland, announced during the

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Huawei Developer Day in Warsaw that the company plans to invest \$10 million to develop the brand ecosystem in Poland using Huawei Mobile Services (HMS).

Huawei is the second biggest Chinese investor in Hungary, and the biggest among Chinese greenfield investors. The company arrived in the country in 2005, while its European Supply Center started its operations in 2009. It has invested 1.2 billion USD since 2005 according to company figures. The Centre is Huawei's second biggest supply centre in the world, the biggest production base outside China – with its enlarged warehouse capacity of 30000 square meters, launching three thousand trucks each month – and it serves as a production and logistics centre for 55 countries in Europe, North and West Africa, Russia, Central Asia and the Middle East. According to Chinese diplomats, the creation of the logistic centre in Hungary shows that Chinese-funded enterprises were confident about Hungary and its investment environment even after the global financial crisis and its impacts on the country (McCaleb-Szunomár 2017).

The company employs around 330 people directly (white-collar workers) out of whom 60% are Hungarian and the rest are Chinese nationals (on Hungarian work permits). However, indirectly - as several activities such as assembly or transportation are outsourced to other companies - Huawei Hungary is also responsible for 2500-2700 employees (blue-collar workers at Foxconn, Flextronics, DHL, etc.). It means that Huawei Hungary employs around 3000 people in total but it has direct contract with just over 10 percent of it. The company has its head office in Budapest (in two locations), two factory units in Komárom (operated by Foxconn) and Pécs (operated by Flextronics) where assembling activities take place and a logistic centre in Biatorbágy (operated by DHL) for transportation and storage activities, including packaging, customs services, road transportation and ocean freight forwarding of

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the products. Huawei serves all the top mobile operators - including Telenor, Vodafone, Deutsche Telekom - in the country, that is, actually 70% of Hungarian people.

Huawei Hungary's operations are divided into three categories: 1) consumer devices (mostly smartphones), 2) carrier business (telecommunication projects), 3) enterprise business (data & storage). Initially, the main activity of the company in CEE was the so-called carrier business, i.e. to serve the local telecom operators, while the other two divisions have been created later on. Consumer devices and enterprise business divisions are characterized by a much lower turnover compared to carrier business although their significance is increasing in the past few years. Huawei provided TV and fiber networks for Hungarian Telekom (owned by Deutsche Telekom), 3G as well as 4G mobile networks for Vodafone as well as 112 emergency call systems and LTE 450 network equipment for the state-owned telecommunication company MVM NET.

On the Romanian telecom market, Huawei started its operations in 2003, just three years after the official entrance on the European market, while Huawei Romania was founded in 2007. In less than two decades, the subsidiary has become one of the largest suppliers of telecom equipment, smart phones and services on the Romanian market. It has established its local offices in Bucharest and Timisoara and is planning to extend to other cities, such as Cluj Napoca. Huawei has two global services centres: a European Joint Accounting Center (Accounting Service Shared Center, ASSC) since 2012 and a Global Services Center since 2017 (GSC). The first Center required an investment of EUR 6 million, while the second EUR 10 million. In October 2011, the company announced investments in Romania of EUR 200 million until 2014 and subsequently investments of additional EUR 100 million until 2018, including taxes and labour costs. Huawei still does not have any production unit or research, development and innovation centre in Romania.

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The company's turnover increased substantially from EUR 29 million in 2009 to EUR 406 million in 2018 (CAGR of 30%). Between 2009 and 2018, the number of employees multiplied from 267 to over 1,000. However according to Huawei data, at the end of 2018, Huawei Romania had 2,053 employees, of which 81 percent are Romanians (Agerpres 2019, Dragan 2019). As stated by George Zhang, CEO of Huawei Romania, the Chinese branch has directly and indirectly created 7,100 jobs, of which 6,700 are occupied by Romanians. The telecommunication products and services offered by Huawei Romania currently reach over 72% of the population of Romania, at the same time serving over 35 European countries that have devices or use Huawei services (Dragan 2019). Huawei has the largest market share in the telecommunications segment in Romania and is the second player on the Romanian smartphone market, similar to Apple (20%) but far behind Samsung, with 50% of sold units and sales value in the first quarter of 2019. Huawei Romania doubled its smartphones market share in only two years, and in March 2019 it recorded its best performance: it sold more than 25% of the total purchased smartphones.

It seems that Huawei became especially active in Hungary, Romania and Poland in recent years by engaging in various initiatives, such as talent development programmes as well as in establishing cooperation with universities. Quality management, marketing, recruitment, workforce and services represent priorities of Huawei. Having in mind the high demand for qualified personnel, the company invests a lot in training future employees, in partnership with the top clients and universities in Romania (Bursa 2019a). For instance, the "Seeds for the Future" program started in 2014 and the Huawei Authorized Information and Network Academy (HAINA) program - that authorizes universities and colleges to deliver Huawei Certification courses to their students - was set up in 2018 at the Gheorghe Asachi

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Technical University, in Iași. At the same university, with an investment of USD 100,000, it launched a training center for networking, with a capacity for 40 people (Dragan 2019).

Similar to Romania, Huawei also supports Polish technical universities and their students through the already mentioned HAINA program as well as the “Seeds for the Future” program. Huawei has been in close collaboration with the Poznań University of Technology since the 2015. Moreover, Huawei was a supplier and consultant for the Poznań Supercomputing and Networking Center (PSNC) and the cooperation continues in the form of a joint research innovation centre that was inaugurated at the beginning of 2016. The PSNC-Huawei Innovation Center was established under an agreement signed on 23 November 2015 in Shanghai during the Polish-Chinese Economic Forum, also attended by the president of Poland, Andrzej Duda. The aim of the agreement is initiating collaboration between the Huawei and PSNC research teams on topics related to data processing systems in the cloud (Cloud Computing), data storage in the cloud (Cloud Storage) and supercomputers (Man.poznan.pl 2016).

In June 2019, Poznań University of Technology and Huawei signed a contract under which Huawei will provide the equipment for a laboratory at the Faculty of Electronics and Telecommunications, which will give students and university staff the opportunity to acquire knowledge and skills necessary to design, configure and run modern computer networks (Poznan.wyborcza.pl 2019). The contract is the next stage of broad cooperation, which began in 2015. The event also initiated the first edition of The Huawei ITC Competition in Poland, which in 2018 attracted 40,000 participants from over 800 universities and colleges in 32 countries (Put.poznan.pl 2019).

In Hungary, Huawei Laboratory and Academy was established at University of István Széchenyi in Győr in 2016 to contribute to higher education in Hungary. The invested volume

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is approximately 300,000 USD. Since 2011 Huawei invested around 1 million USD in Hungarian education. Similarly to Romania and Poland, "Seeds for the Future" has been offered for Hungarian students providing the possibility to study the Chinese culture in Beijing and the most advanced 4G and 5G mobile technology in Huawei's Shenzhen HQ each year. In Hungary, Huawei also supports local talent programs. One of them is the "The innovative leaders of tomorrow," which was a five-year term scholarship program between 2011 and 2015.

The cooperation has also been strong between Huawei and the Hungarian government. The first investment negotiations have greatly enhanced by the government but the relationship remained strong later, too. Although the Hungarian government recorded the establishment of Huawei's European Supply Center in Hungary as its own success, in fact corporate considerations also played a role.

The Hungarian government offers strategic partnership agreements to domestic and foreign companies on the Hungarian market to reinforce their long-term commitment to Hungary and to stimulate economic growth and enhance the competitiveness of Hungarian businesses. In return, they give various incentives such as R&D tax incentive system, as well as predictable and transparent discounts of special taxes. On April 18, 2013, the Hungarian government and Huawei signed a strategic partnership agreement of this kind in Beijing. But the government is represented in occasions like the official opening ceremony for the European Logistic Center (December 3, 2013, Biatorbágy), where the Prime Minister of Hungary took part together with the Ambassador of the PRC; or when Huawei Technologies celebrated its 10th jubilee presence in Hungary (May 21, 2015. Budapest), the keynote speech was held by the Hungarian the Minister of National Economy.

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In 2013 the Romanian Ministry of Information Society have signed a MoU for “strategic cooperation” with Huawei under a Social Democrat-led Government. Nevertheless, most of its provisions have not been implemented due to the sensitivities under the NATO framework linked to the US stance towards the Chinese technology giant. In our opinion, the new Romanian Government led by the National Liberal Party, approved by the Parliament on November 4, 2019 is inclined to have a tough attitude towards Huawei, in spite of the lack of any public evidences that it represents a cyber security threat.

3. The Perception of Huawei in the Three Analyzed Countries

Although the CEE region has been very keen on building the 5G infrastructure and has been willing to collaborate with Huawei on this matter, the recent pressure from the US has had influence on several CEE countries' decisions in this regard. In 2019, some CEE countries, such as Estonia, Romania and Poland, signed a memorandum with the US to strengthen cooperation on 5G security and development, restricting the use of the Chinese mobile technology company Huawei's products. Other countries, such as Lithuania have taken a more careful approach, saying that decisions on Huawei technologies must be made at NATO and EU levels, while others, such as Latvia, Slovakia or Hungary decided to continue to work with Huawei as also other European companies - such as Deutsche Telekom, Elisa, Orange and Vodafone - do so. Although the Czech cyber security agency issued an unprecedented warning against Huawei last year, following the announcement of the German government that did not exclude Huawei, the Czech Republic will likely to reconsider its stance, despite US pressure. Recently, Hungarian MFA has already announced that Huawei will build its 5G wireless network. He emphasized that Huawei will work in a close partnership with the British Vodafone and Deutsche Telekom.

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It seems that although on the political level the majority of CEE countries may not want to give China more leverage but on the business level they actually do. The reason is simple: Huawei is ahead in developing the 5G technology, there is no stronger, more prepared and cheaper player on the market, they are willing to invest, and other companies from the EU do not offer better solutions. While CEE governments' stance doesn't necessarily reflect the (shift in) CEE societies' attitude towards Huawei, we decided to analyze how CEE media perceived and perceives Huawei in order to show CEE countries' approach towards and engagement with the company before and after the Huawei security scandal. We collected approximately 150 Hungarian, Romanian and Polish articles (written in local languages) between September 2018 and September 2019, where Huawei is mentioned. We collected not only those articles focusing on the respective CEE market but also those centered on Huawei's global operations (since a more critical opinion is sometimes easier to formulate when it happens to other countries, not us). We tried to detect media sources usually supporting the government as well as supporting its opposition to make our research more balanced. For the research, we selected 8-10 of the most widely read media sources in all three countries, which have a nationwide coverage: dailies, weeklies with a political or economic focus as well as online media platforms. We investigated both mainstream media and tabloids, those that are public as well as privately owned.

3.1 Perception of Huawei in Poland

Huawei Technologies Co. Ltd. featured in the Polish media in the analyzed period predominantly against the backdrop of the Belt and Road Initiative (BRI) and rivalry between the USA and the People's Republic of China. US president Donald Trump strives to achieve balance in trade exchange between his country and China. Poland, as a regional ally of the

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USA, plays a minor role in the conflict in the pro-American camp. Poland is located in a strategic place on the BRI route, which makes Chinese politicians and investors perceive Poland as quite an important regional geopolitical player. Polish mainstream media ran an extensive coverage of the alleged espionage scandals with the Chinese company in the background. The tone of most of the commentaries was rather critical towards China and its international policy. The criticism of China and Huawei was especially strong in pro-government conservative media, which support Polish pro-American stance in international relations.

One of the notable cases that drew a lot of media attention in relation to Huawei was the detention of Meng Wanzhou, the deputy chairwoman of the board and chief financial officer of Huawei, and daughter of its founder Ren Zhengfei, for allegedly breaking US-imposed bans on dealing with Iran. In the news stories released just after the detention, facts were presented objectively. Financial commentators focussed on the impact of this case on the stock market, whereas political analysts expressed concerns about escalating the Sino-American animosity and noticed a relationship between the detention and imposing US tariffs on Chinese products. The release of Meng Wanzhou on bail was also widely covered by the Polish media. Some Polish media covered Meng Wangzhou's detention scandal in a more elaborate way. Some commentators described Canada as the country that can suffer more than others because of the Chinese countersanctions. When a few days after Wangzhou's detention a Canadian citizen Michael Spavor was detained in China, a Polish journalist Maria Kruczkowska interpreted it as an act of vengeance and described it as "China taking another hostage in its conflict with Canada over Huawei's CFO".

Technology-oriented media focussed in their coverage of this case on the implications of the detention and the accusation of spying on the Polish technology market. Commentators

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pointed out that Polish consumers had not refrained from buying Huawei devices so far, but in the future the scandal may damage the reputation of the company. A technology journalist Marcin Lulek wrote a strongly anti-Chinese, derogatory article in which he called Huawei the “abode of spies and communists.” He expressed concern over the fact that other countries had banned Huawei products and Poland had not.

Another case widely covered by the Polish media in relation to Huawei investments was the espionage scandal, but this time it took place in Poland. On January 11th, the Polish Internal Security Agency (pl. Agencja Bezpieczeństwa Wewnętrznego, ABW) detained Wang Weijing, one of the directors of the Polish branch of Huawei, and Piotr D., a Polish telecommunications worker specialising in the field of cybersecurity and former ABW officer, and accused them of collecting intelligence against the Republic of Poland and spying for the People’s Republic of China. The Chinese embassy stood up for Wang Weijing and called for protecting him against any mistreatment, whereas the international board of Huawei distanced itself from their employee. Following these events, the Polish government decided to stop using Huawei phones as a result of the alleged espionage. The conservative pro-government weekly *Do Rzeczy* perceived the detention of Huawei director as a chance of rebuilding the Polish electronic industry. The espionage accusations were treated seriously by Polish journalists. Joachim Snoch, a technology journalist, described the detention in detail, presented the chronology of events and attempted to put it in the wider context of the tariff war between United States and China. In his opinion, Poland became a battleground of two geopolitical giants and the events in Poland were the direct effects of that war on a global scale. He also analyzed the influence of the scandal on the lives of Polish citizens (according to him, this role is relatively minor).

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Following the detentions, Huawei was widely criticized by the Polish media due to the allegations of the company being involved in Chinese intelligence. The media stipulated that using Huawei products may be considered not secure. The revelation that a prominent Polish politician and a minister of the ruling Law and Justice party (pl. Prawo i Sprawiedliwość) had received a Huawei phone from the Chinese embassy as a gift spurred a minor scandal. This event drew attention of a popular satirical parody website ASZDZIENNIK. A prominent Polish geopolitical analyst Jacek Bartosiak was interviewed by the RMF FM journalist Bogdan Zalewski on the impact of the Sino-US tariff war on the global international order. In the interview, he commented widely on the role of the international smear campaign against Huawei and the sanctions imposed on its products.

When US Vice President Mike Pence came to Poland to participate in the ceremony commemorating the 80th anniversary of the outbreak of World War II (September 1st, 2019) he also signed the 5G Security Agreement with the Polish prime minister. As noted by many political commentators, the deal was signed amidst the ongoing global anti-Huawei campaign. The declaration mentioned neither China nor Huawei, and included abstract statements: “We believe that all countries must ensure that only trusted and reliable suppliers participate in our networks to protect them from unauthorized access or interference”. However, having in mind the international context, the declaration was commonly perceived as a ban of Huawei from the Polish 5G market and as a price that Poland had to pay for lifting the US visa requirement for Polish citizens.

3.2 Perception of Huawei in Romania

Even if Romania does not have an official position towards the ongoing US-China trade war at large, in August 2019, the Romanian President, a strong supporter of the National Liberal

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Party, expressed for the first time a clear position as regards 5G. The Joint Statement by US President Donald J. Trump and Romanian President Iohannis of August 20, 2019, issued on the occasion of President Iohannis' visit to the US, underlines that Romania is “seeking to avoid the security risks that accompany Chinese investments in 5G telecommunications networks” (Presidential Administration 2019). Huawei Romania is already on the blacklist of entities that cannot run businesses with American companies without government approval.

The Joint Statement was accompanied by a Memorandum of Understanding (MoU) between the governments of Romania and the US regarding the 5G technology. According to the press statement related to the joint declaration, the provisions regarding 5G “do not refer to a particular company” but only “clarify some criteria of transparency, compatibility with the rule of law and so on” (Presidential Administration 2019). The Memorandum has been disclosed in early November and it includes the provisions that 5G network providers must undergo a rigorous evaluation, and the protection of next-generation communications networks from disruption or manipulation and the privacy of individual citizens' freedoms are vital (Bursa 2019a). On September 5, 2019, the US Ambassador to the EU, Gordon Sondland, visited Romania and encouraged a “Huawei free” Romania. The company's reactions were firm. In an interview with the *Adevarul* newspaper, the actual CEO of Huawei Romania, George Zhang, underlined that 5G should be a technical topic, not a political one (Brindusescu 2019). Other newspaper articles emphasize that the company is considering the possibility of suing our country if the authorities limit its operation on the local market (Toader 2019b), as “the denigration and defamation of a single player in a market, its isolation, is illegal” (Ionescu-Vasilache 2019). At the same time, Radoslaw Kedzia, Huawei Vice President of the Central and Eastern European Network (CEEN) underscores that the technology is politicized, accusations are groundless and the lack of dialogue between the

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Romanian authorities and a powerful company and important taxpayer in Romania are “a surprise” (Bursa 2019b).

In Romanian mass media are present also opinion articles and articles taken from international press. Some of them are very critical as regards Huawei, considered as “dangerously dominant” (Stacey 2019), many are neutral and there are also interviews with managers of Huawei Romania, for instance with Zachary Jianglin Chao, Country Manager CBG Romania (Dorobantu 2019) and Vlad Doicaru, director of the Enterprise Business Group, Huawei Technologies Romania (Toader 2019a), focused on the company’s strengths.

In contrast to other topics regarding China, where Romanian mass media is in general critical, news on Huawei are more balanced, presented in a neutral manner and in some cases even in a positive and supportive tone. Old and new mass media actors alike follow in general three threads of the story: first, the facts (accusations from the US, sanctions, 5G ban, inclusion of Huawei Romania on the “black list” of entities that cannot do business in the US without permission of the American authorities); second, the importance of the Chinese company for the global and local market; third, the own position of the Chinese company against the accusations. For instance, in an article of Profit.ro (Dragu 2019), after facts are presented and it is stressed the importance of Huawei Technologies, the article goes further, by underlining that the US authorities have invoked reasons for national security, but have not provided any evidence in this regard. In the final part of the article is included its own position of the Chinese company, namely Huawei representatives have repeatedly rejected Washington's allegations of poor security of its equipments in the face of possible espionage access, saying they are no less secure compared to other manufacturers' equipment.

It should be also noticed that at the national Debate on the implementation of 5G technology in Romania (November 21, 2019), the representatives of the civil society have not

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been invited. Consequently, on Internet has been published a petition underlining on the one hand that organizers do not respect people's right to information and on the other hand, that the radiation generated by the 5G systems affect the health and natural environment. Even if this is not a direct action against Huawei, it underlines the complexity of the debate on the 5G (Economiesociala.net 2019).

3.3 Perception of Huawei in Hungary

Hungary has been the first to openly embrace Huawei and continues to support its presence in the country. In November 2018, at a time when the Huawei scandal has already broken out with various reactions from all over the world, the Hungarian government stood by the company and struck a cooperation agreement, which invited Huawei to improve the country's broadband services (Peragovics 2019). As the Hungarian Minister of Innovation and Technology put it, the Hungarian government expects "Huawei to begin building a home 5G network soon" (Emerging Europe 2018). The Orbán-government indeed remained resilient in its pro-Chinese position, defying Washington's calls to constrain Huawei's footprint in the country for reasons of national security. The Prime Minister made this point clear at a press conference: "The Hungarian government sees no security threat in Huawei" and "Huawei will not be excluded from any domestic development projects" (Origo.hu 2019). A few weeks later, the Minister of Foreign Affairs reiterated a similar position at a joint press conference with Mike Pompeo and essentially deflected attention away from the issue, emphasizing that its biggest procurers are actually British and German companies and he sees no reason for a re-evaluation of the strategic partnership agreement with the Chinese company (Euronews.com 2019). Not surprisingly, the message was clear and did not go unnoticed by Huawei. As Yanmin Wang, President CEE & Nordic Region for Huawei's Consumer

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Business Group, stressed in an interview, the success of the Chinese company shows that “we are good friends of Hungary, and we want to be even better” (24.hu 2019).

Huawei featured in the Hungarian media several times in the analyzed period, both in pro- and anti-government media sources. The Hungarian case is special in a way, since the relation to China is characterized by a long-term political support as over the past seventeen years, the Hungarian governments – regardless of political orientation – has committed themselves to develop relations with China. Although the Hungarian political arena is rather divided, Sino-Hungarian relations enjoy a privileged position on all major parties’ agenda. No matter how fierce the domestic political debates are, none of the parties question the importance of China. As a result, the Hungarian media discourse on China seems to be one-sided as it focuses overwhelmingly on economic data and developments, while topics like political values, human rights, minorities or democracy are almost completely missing from the agenda. On the other hand, this media discourse is strongly politicized: the assessment of Hungarian-Chinese relations in the media is strongly influenced by the political attitude of the given media source towards the government (Matura 2018).

Majority of the articles mentioning the word 'Huawei' have dealt with the rivalry between the USA and the People’s Republic of China and mentioned Huawei as a side story of the trade war or have dealt specifically with the security scandal. Here the Hungarian journalists tried to summarize aims and complaints on both sides, presented in a balanced and neutral manner. However, almost none of these articles mentioned Hungary or referred to potential risks that Huawei's Hungarian engagement could pose to the country. One of the few exceptions is the article of *Népszava* (printed version, May 21, 2019), Hungary's only remaining left-wing, government-critical daily newspaper that published a piece titled 'Fire order on Huawei'. This article focused on the relation between Huawei and the US but

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dedicated one paragraph to Huawei in Hungary, where they interviewed the PR manager of the company who commented reassuringly about the company's prospects, without any reference to the possible negative consequences. While anti-government media remained neutral, the Pro-government newspapers have often published supportive stories such as a one-page article on how Huawei's CFO sued the Canadian state (printed version, Magyar Hírlap, March 5, 2019) or that Huawei also sued the US (printed version, Magyar Hírlap, March 9, 2019). We could find more critical arguments in the electronic news portals, for example, some articles on index.hu mentions the correlation between the Hungarian government positive attitude towards China and Huawei's unwavering position in the country (Index.hu 2019a).

Those articles that deal specifically with the relationship between Huawei and Hungary typically focus on the results and opportunities: the number of Hungarians the company employs, the 40 billion HUF that the company has paid to the Hungarian budget over the past five years or the potentials of 5G applications' spread in Hungary. Here, again, electronic media proves to be more critical. Index.hu writes about how Huawei increased its sales in Hungary by more than forty percent last year while other countries were considering limiting the company (Index.hu. 2019b). The investigative news platform direkt36.hu goes even further with its article titled "It does it in silence, but the Hungarian government is already involved in the Huawei War" (Direkt36.hu 2019), where they dig deeper into the strong relationship between the Hungarian institutions and Huawei, stating for example that during an open public procurement process, even the Hungarian Counter Terrorism Centre (TEK) purchased Huawei hotspots.

4. Conclusion

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Huawei Technologies Co. Ltd., the largest telecommunications equipment manufacturer in the world is already one of the most important Chinese investors in the CEE region.

Analyzing their investment motivations, it can be assessed that government support on CEE side played a key role between 2003-2006 but later development was based on enterprise-level relations. Greater investment activity occurred four-five years after the company's market entry. It may have two reasons: first, the development of Huawei's international competitiveness; second, the obtainment of the necessary market knowledge in CEE markets resulted in enhanced investment activity. EU membership also played an important role in the development of the relations between Huawei and the respective CEE countries, out of which Poland, Romania and Hungary stands out as the most important destinations (regional, accounting, service and supply centers, respectively).

Based on interviews with Huawei managers and other telecommunication experts, we can conclude that the Central and Eastern European market has an increasing importance for the telecommunication giant Huawei, although this growing interest has more to do with Huawei's global strategy than with the CEE market's attractiveness on its own. The cooperation with the major European operators (such as Deutsche Telekom, Vodafone, Telenor, etc.) within the region gives a good opportunity for the company to prove its capabilities, so from a certain point of view Huawei uses the CEE region as a springboard to or a reference for its future European expansion.

Perceptions of Huawei have changed somewhat in all the analyzed countries after the Huawei security scandal, but the degree of this shift varied from country to country. The Polish reaction seems to be the most radical. Poland used to be more enthusiastic about the potentials of its economic relationship with China but takes a more critical stance - or even cautious approach - recently. For Poland, the huge high trade deficit represents the biggest

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problem in its bilateral ties with China, but potential security risks of Chinese investments also made the Polish government to reconsider its rather positive approach towards China and use a firm rhetoric when it comes to doing business with Huawei. In Romania, both the pro- and anti-China voices are present in the media with critical, neutral and also supportive articles on Huawei and its position in Romania. Relationship with the US has a decisive role in both Poland's and Romania's case. Hungary, as the major “panda-hugger” of the CEE region, supports Huawei the most. Reports from pro-government media convey significantly more positive messages, while daily newspapers or news portals close to the opposition or independent ones have delivered neutral or more negative news. Hungary was among the firsts in the region to announce that Huawei will take part in the construction of Hungary's next-generation 5G wireless network. We consider that the civil society might finally incline the balance in one or another direction, as it is more willing to take part in public debates and defend its interests. The Huawei case study underscores the complexity of new technologies not only from the perspective of cyber security, competition and foreign policy, but also from that of an increasingly educated population, more prepared to defend its rights.

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