

China appeals to US for fairness in security probe

February 17 2011, By JOE McDONALD , AP Business Writer

(AP) -- China appealed Thursday to Washington for fairness as American officials decide whether to block Chinese telecom giant Huawei's purchase of a U.S. computer company on security grounds.

Beijing hopes for a transparent review of Huawei's purchase of 3Leaf Systems, a Commerce Ministry spokesman said. Huawei says it was told by a U.S. [security](#) review panel that it must sell 3Leaf, which it bought last May, or the committee will recommend that President [Barack Obama](#) cancel the deal.

"We hope the U.S. security examination laws and regulations can treat a Chinese company fairly, regardless of whether it is publicly traded, state-owned or private, and can carry out a transparent, predictable review," said ministry spokesman Yao Jian.

Companies that receive such a verdict from the Committee on Foreign Investment in the United States often withdraw proposed deals. But Huawei has said it will stick to its plans and recommend that Obama approve the deal anyway.

Huawei says it failed to apply for U.S. government approval because it bought 3Leaf's technology and hired some employees but did not purchase the whole company. The Pentagon took the unusual step of demanding that Huawei retroactively apply for a CFIUS review of the \$2 million acquisition.

A group of U.S. lawmakers appealed to Treasury Secretary Timothy Geithner and Commerce Secretary Gary Locke in a letter last week to examine the 3Leaf deal closely. The California company makes products for "cloud computing," and the lawmakers said the Huawei deal could transfer sensitive technology to China.

Huawei Technologies Ltd. is one of the biggest makers of network switching gear and reported sales of \$28 billion last year. It has struggled to gain a foothold in the United States against rivals such as [Cisco Systems](#) Inc.

Huawei was founded by a former Chinese military officer but says it is owned by its employees and has denied that it has any connection to the People's Liberation Army.

More information:

Huawei Technologies Ltd.: <http://www.huawei.com>

Chinese Ministry of Commerce: <http://www.mofcom.gov.cn>

©2010 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: China appeals to US for fairness in security probe (2011, February 17) retrieved 27 April 2024 from <https://phys.org/news/2011-02-china-appeals-fairness-probe.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.