

Huawei leaves US deal's fate to Obama

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China's Huawei said Tuesday it would not back down after a US panel voiced security concerns about the firm's acquisition of US computer technology, shunting the issue to President Barack Obama.

The Chinese tech giant said its image would be hurt if it complied with a request by the Committee on Foreign Investment in the United States (CFIUS) to go back on a \$2 million deal last May in which it acquired computer firm 3Leaf Systems.

"CFIUS asked us to withdraw from the regulatory review and sell patents, but in light of the possible further damage to the [Huawei](#) brand and reputation, we have been compelled to decline," Huawei said in an e-mailed statement.

The decision not to back down means Obama himself must decide whether the firm must reverse the deal, the Financial Times reported, calling it a "highly unusual move".

The report cited experts as saying that Huawei's decision to resist the advice of CFIUS, which vets deals on security grounds, was "virtually unprecedented" and in most cases when companies are quietly advised to walk away, they have done so.

"We have great respect for and trust the fairness and impartiality of the US government and American due process and we welcome the next step in the 3Leaf transaction review," Huawei said.

The move puts Obama in a difficult position after last month's state visit by Chinese President Hu Jintao to the United States. US officials have also been lobbying Beijing to give US tech firms greater market access.

But lawyers said Obama, who has 15 days to make a decision, was likely to uphold the decision by the Committee on Foreign Investment, the report said.

Huawei, founded 23 years ago by Ren Zhengfei, a former People's Liberation Army engineer, is at the forefront of Chinese companies' efforts to shift from being the world's workshop to becoming creators of genuine global brands.

Its consumer products include [smart phones](#) that run on Google's [Android](#) platform and technology to connect laptops to the Internet using 3G networks.

Huawei's technology is also used to build mobile phone networks around the world.

Huawei has long rejected claims that it has ties to the Chinese military. It says it is owned by its employees and that Ren, its chief executive, has less than a two percent stake in the company.

However, in a letter to Commerce Secretary Gary Locke and Treasury Secretary Timothy Geithner, a group of top lawmakers accused Huawei of having "ties with the People's Liberation Army, the Taliban, and the Iranian Revolutionary Guard."

3Leaf makes software that allows computer resources to be reallocated according to a user's needs across a computer network.

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