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HUBEI PARTY HEADS REPLACED OVER "BOTCHED" OUTBREAK RESPONSE"

Hubei party secretary Jiang Chaoliang has been replaced by Shanghai mayor Ying Yong, 61, a close ally of Chairman Xi Jinping. Between 2003 and 2007, while Xi was provincial party chief, Ying held various senior party posts in Zhejiang. The Party leader of Wuhan city, Ma Guoqiang, will be replaced by Wang Zhonglin, currently party secretary of Jinan, Shandong. Both Ying and Wang have backgrounds in security and law enforcement. The moves follow the dismissal of Hubei's top two health officials earlier this week and the arrival of a central government fixer, Wang Hesheng, to take over the region's response to the virus, which has overwhelmed hospitals and also infected medical staff who have been left short of protective equipment. (*South China Morning Post*, February 13, 2020)

XI ALLY INSTALLED IN HONG KONG

Xia Baolong, 67, will take over as director of the Chinese government's Hong Kong and Macau Affairs Office. Xia rose through the ranks in Tianjin before being transferring to Zhejiang in 2003, where he served for years as Xi's deputy. After working as law enforcement chief and governor, Xia became Zhejiang provincial party chief in 2012. Starting in 2014, he led a campaign to demolish churches and remove rooftop crosses in Zhejiang, which has a large Christian population. After retiring from front-line politics in 2017, Xia served in senior posts in the National People's Congress and Chinese People's Political Consultative Conference. Unlike his predecessor, Zhang Xiaoming, who has been demoted to deputy director, Xia lacks experience in Hong Kong affairs. But since Xia has no substantial ties with Hong Kong politicians, he has a free hand to push through the tough changes the central government wants. (*Wall Street Journal*, February 14, 2020)

HUAWEI HIT WITH MORE CHARGES OF RACKETEERING AND IPR THEFT

A fresh federal indictment unsealed in New York has charged Huawei and two U.S. subsidiaries with racketeering and conspiracy "to misappropriate intellectual property." The indictment alleges Huawei and its proxies conspired to steal trade secrets from six U.S. firms. The new charges add to an indictment unsealed in January 2019 that alleged Huawei stole trade secrets from T-Mobile. The new charges name the company's chief financial officer, Meng Wanzhou, who was arrested in Canada over a probe into Huawei's violations of U.S. sanctions. Huawei called the latest charges "unfounded and unfair" and predicted the case would be dismissed. "This new indictment is part of the Justice Department's attempt to irrevocably damage Huawei's reputation and its business for reasons related to competition rather than law enforcement," the company said. (France 24, February 13, 2020)

MOTOROLA WINS \$764.6 MILLION IN COMPENSATION FROM CHINA'S HYTERA

A jury in the U.S. District Court for the Northern District of Illinois has awarded \$764.6 million in damages to Motorola in its case against China's Hytera Communications Corp. Ltd for trade secret theft and copyright infringement. The complaint asserted that Hytera's two-way radios and repeaters use stolen Motorola trade secrets and that Hytera also copied Motorola source code and used it in its products. "Today's verdict is a tremendous victory for our company. Motorola Solutions has always invested significantly in research and development to bring pioneering and beneficial technology to our customers around the world. In contrast, Hytera was simply profiting off of the hard work and innovation of our world-class engineers," said Motorola CEO Greg Brown. (Lightreading, February 14, 2020)

PENTAGON SUPPORTS RESTRICTED CHIP SALES TO HUAWEI

The Pentagon has dropped its opposition to efforts making it harder for U.S. chipmakers to use their overseas facilities to supply Huawei. The change in the department's stance removes a hurdle for a new export-control measure designed to reduce the flow of U.S.-made chips to the Chinese tech giant. In May, citing national security concerns, the Department of Commerce put Huawei on an export blacklist, cutting it off from the U.S. companies that have supplied it with billions of dollars' worth of components. However, because existing rules allow continued shipments to blacklisted companies for products made overseas and with less-than-25% U.S. content, some semiconductor makers – including Micron, Qualcomm, and Intel – have continued to supply Huawei via their overseas production lines. The DoD's shift comes amid consideration of a proposed bill by Senator Rick Scott (R-FL), which would require the Department of Commerce to implement a 10% U.S. content threshold for sales to Huawei. "We know Huawei is supported and controlled by the communist regime in Beijing, which continues to violate human rights and steal our data, technology, and intellectual property," Scott has said. (*Wall Street Journal*, February 14, 2020)