

International

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5G SPYING ALLEGATIONS

Guo Ping, Huawei chairman

The US security accusation against our 5G has no evidence. Nothing. The irony is that the US Cloud Act allows their entities to access data across borders. We don't do bad things. Let me say this as clear as possible. Huawei has not and we will never use backdoors and we will never allow anyone to do so in our equipment. We take this responsibility very seriously.

Quick View



Conservative Party chairman confident of Brexit March 29

THE CHAIRMAN of Prime Minister Theresa May's Conservative Party said on Sunday he believed Britain could get a Brexit deal approved by parliament in time for its March 29 exit date. "I am actually very confident and optimistic that we will get an agreement that means we will get a deal that we can put to parliament and get agreed and leave the EU on March 29 with a deal," Conservative Party chairman Brandon Lewis told *Sky News*.

'US has no evidence of 5G spying allegations'

HUAWEI'S CHAIRMAN said Tuesday that the United States has "no evidence" that its equipment to build next-generation 5G wireless networks could be used as a vehicle for Chinese spy operations. In a keynote address at the mobile industry's biggest annual global event in Barcelona, Guo Ping reiterated his company's position that there are no "backdoors" in its technology that could allow Beijing to spy on countries.

Legal challenge to Uber's London licence blocked

LONDON TAXI drivers lost a legal bid to challenge Uber Technologies Inc.'s licence to operate in the UK capital. Judges Ian Burnett and Michael Supperstone on Tuesday dismissed a legal challenge by United Cabbies Group, which represents taxi drivers in the city. The drivers' group wanted to challenge a lower court's decision in June to grant Uber a 15-month probationary licence.

Boj's Kuroda: China economy to pick up this year

BANK OF Japan Governor Haruhiko Kuroda said on Tuesday he expected China's economic growth to pick up in the latter half of this year thanks to stimulus measures taken by the government.

REGULATORY TROUBLE

Tesla's Elon Musk may be in contempt over tweet

BLOOMBERG
Manhattan, February 26

ELON MUSK IS facing a new round of regulatory trouble for tweets about Tesla, raising fresh concerns about the billionaire CEO's ability to keep his impulses in check and responsibly run a public company.

The US Securities and Exchange Commission on Monday asked a judge to hold Musk in contempt for violating a settlement that required him to get Tesla approval for social media posts and other writings that could be material to investors. He breached that deal with a February 19 tweet that said Tesla would make about half a million cars in 2019, the agency claims. The CEO posted a few hours later that deliveries would only reach about 400,000.

The SEC move, which sent Tesla shares down 3% in pre-market trading, puts Musk in fresh legal peril less than five months after he settled claims that he misled the public with tweets about taking the electric-car maker private. He could face a variety of penalties, with the stiffest being that he'll be barred from running Tesla or any other public company for a period of time, said Charles Elson, director of the John I. Weinberg Center for Corporate Governance at the University of Delaware.



Tesla CEO Elon Musk

"Having your CEO in contempt of an SEC action is a pretty bad thing," Elson said in a phone interview. "They settled with him and within a few months he's back to doing similar things. It's unbelievable."

Calls to Tesla and emails to Musk and his representative weren't immediately returned. In a tweet after the filing, Musk said the SEC overlooked a comment he made on the company's January 30 earnings call that Tesla may make as many as 500,000 of its Model 3 sedans this year.

US District Judge Alison Nathan, who is handling the case, hasn't scheduled a hearing to weigh the contempt request or set a date for Musk or Tesla to respond to the filing.

Losing Musk, the principal architect of

Tesla's vision of a future where electric vehicles and solar power reduce humanity's dependence on greenhouse gases, would be gutting for the company. The automaker has relied on its CEO not just for technology leadership but for its bold, anti-establishment image. But the cult of personality has also had a downside for Tesla, with Musk sending the stock into a tailspin after antics such as smoking pot on a web video or insulting an analyst on a conference call.

"Musk continues to be reckless with Twitter," said Gene Munster, a managing partner at venture capital firm Loup Ventures. "If you were hoping for him to change, it's clear that it's not going to happen. It's unfortunate because it's a needless distraction from the company's world-class product line."

Musk's initial round of regulatory scrutiny came in August, when he posted on Twitter that he was considering taking the company private at \$420 a share and had funding secured. In its September lawsuit, the SEC said Musk hadn't discussed any specific deal terms with any funding partners and knew the potential transaction was uncertain. The accord required Musk and the company to each pay a \$20 million penalty and also barred him from serving as chairman for at least three years.

Former PepsiCo CEO Indra Nooyi joins Amazon board

PRESS TRUST OF INDIA
Washington, February 26

PEPSICO'S INDIA-BORN former CEO Indra Nooyi has joined Amazon's board of directors, the online retail giant has said.

Nooyi, who stepped down as CEO of PepsiCo in October last year, is the second

women of colour to be added on the Amazon's board of Directors.

Early this month, Starbucks executive Rosalind Brewer joined the Amazon Board.

"We're thrilled to have elected two new members to our Board of Directors this month. Welcome, Roz Brewer and Indra Nooyi," Amazon said in its announcement.

Nooyi would be a member of the audit committee.

She was PepsiCo CEO from October 2006 to October 2018, where she also served as the chairman of its board of directors from May 2007 to February 2019.

She was elected to PepsiCo's board of directors and became its president and chief financial officer in 2001, and held leadership roles in finance, corporate strategy and development, and strategic planning after joining PepsiCo in 1994.

Nooyi has served as a director of Schlumberger Limited since April 2015.

Janet Yellen rips Trump on policy grasp, says economy 'is doing well'

ALISTER BULL
Washington, February 26

FORMER FEDERAL RESERVE Chair Janet Yellen says President Donald Trump doesn't understand the central bank.

"I doubt that he would even be able to say that the Fed's goals are maximum employment and price stability, which is the goals that Congress have assigned to the Fed," she said in an interview with American Public Media's 'Marketplace' programme, published on Monday.

"He's made comments about the Fed having an exchange rate objective in order to support his trade plans, or possibly targeting the US balance of trade," she said. "Comments like that show a lack of understanding of the impact of the Fed on the economy, and appropriate policy goals."

Yellen, the first woman to lead the Fed, stepped down in February 2018 after Trump passed her over in favour of Jerome Powell, breaking with a long tradition of incoming presidents reappointing the incumbent



If that becomes concerted, I think it does have the impact, especially if conditions in the US for any reason were to deteriorate, it could undermine confidence in the Fed.

— FORMER FEDERAL RESERVE CHAIR JANET YELLEN

Hyundai set for Elliott showdown as it rejects \$6.3-bn payout call

REUTERS
Seoul, February 26

HYUNDAI MOTOR GROUP on Tuesday rejected demands by US activist investor Elliott Management for a combined 7-trillion won (\$6.3 billion) dividend payout and new board members, complicating efforts to revamp South Korea's second-biggest conglomerate.

Opposition from Elliott led Hyundai to drop an earlier attempt to overhaul its ownership structure and executive vice-chairman Euisun Chung pledged in January to complete a restructuring expected to pave the way for him to succeed his father Mong-Koo Chung as group chairman.

"I think Elliott expected that its proposals would be rejected by Hyundai. Its purpose is to rally support from other shareholders for a vote on a restructuring plan," Park Ju-gun, head of corporate

analysis firm CEO Score, said. Elliott, which was not immediately available for comment, had proposed a 2018 dividend of 4.5 trillion won for Hyundai Motor and 2.5 trillion won for auto parts supplier Hyundai Mobis, regulatory filings show.

The two had proposed payouts of nearly 1 trillion won.

Hyundai will hold an annual shareholders meeting on March 22, when shareholders will vote on dividend and board members.

The group is expected to come up with a revised proposal, which is expected to be put to a vote at extraordinary shareholders meeting in April or May, Park said.

Hyundai Motor said in a regulatory filing that the dividend proposed by Elliott would lead to a "massive cash outflow", hurting future investments and shareholder value.

central bank chief. He may have been Trump's pick, but that hasn't spared Powell from being attacked publicly by the president over Fed rate increases. Yellen said such attacks could do real damage.

"If that becomes concerted, I think it does have the impact, especially if conditions in the US for any reason were to deteriorate, it could undermine confidence in the Fed," she said. Now a distinguished fellow at the Brookings Institution in Washington, Yellen also said that she had "a lot of confidence in my successor" and that the path of policy would have been broadly similar if she had remained in the job, while "the economy is doing well."

The Fed raised rates four times last year but put policy on pause last month. Powell explained at a January 30 press conference that headwinds including slower growth abroad, tighter financial conditions, and the cumulative impact of past policy tightening "warrant a patient, wait-and-see approach" to the central bank's next rate move.

BLOOMBERG

M&S and Ocado in talks over British retail joint venture

REUTERS
London, February 26

BRITISH RETAILER MARKS & SPENCER is in talks with online supermarket Ocado to secure a food delivery service for the first time, sending shares in both groups soaring.

The companies released a short statement on Tuesday, saying there was no guarantee a deal would emerge, after London's Evening Standard newspaper said Marks & Spencer (M&S) was set to pay up to \$1.2 billion for a 50% stake in a joint venture with Ocado.

Ocado, founded by three Goldman Sachs bankers 18 years ago, has been transformed in the last year after it struck major deals to sell its technology to international retailers such as US group Kroger Co, France's Casino.

Trump's ex-campaign worker says he forcibly kissed her before a rally

LETITIA STEIN
Tampa, Florida, February 25

A WOMAN WHO worked on Donald Trump's presidential campaign sued the president on Monday, accusing him of kissing her without consent before a 2016 rally in Tampa, Florida. Alva Johnson said in the lawsuit, filed in US District Court in Florida's Middle District, that the alleged incident was "part of a pattern of predatory and harassing behavior towards women" by Trump.

"This accusation is absurd on its face," White House spokeswoman Sarah Sanders said in a statement. "This never happened and is directly contradicted by multiple highly credible eye witness accounts."

Trump has denied charges by a number of women who said he groped and kissed them over a period of years without permis-



The lawsuit alleges the encounter occurred inside a campaign RV before a rally on August 24, 2016.

sion. The lawsuit alleges the encounter occurred inside a campaign RV before a rally on August 24, 2016. While leaving a meeting in the vehicle, Trump gripped Johnson

by the hand and leaned in so close that she felt his breath, the lawsuit says.

Johnson turned her head, trying to avoid a kiss, but Trump still managed to kiss the corner of her mouth, the lawsuit says. Johnson claims Trump had to move deliberately because her face was framed by a baseball cap. "She felt confused and humiliated," the lawsuit said. High-profile Trump supporters including then-Florida attorney-general Pam Bondi and Trump's Florida campaign director Karen Giorno were in the RV at the time, the lawsuit said. Both told the Washington Post, which first reported the lawsuit, that they saw nothing inappropriate.

Johnson is seeking financial damages and a court order to prohibit Trump "from grabbing, kissing or otherwise assaulting or harassing women without prior express consent."

SELECTIONS FROM



THE "FIVE EYES" is probably the world's most comprehensive spying agreement. Originating in Allied intelligence-sharing during the second world war it now links together the signals-intelligence agencies of America, Australia, Britain, Canada and New Zealand. Despite its undercover nature, its members are having a very public disagreement over what to do about Huawei.

The big Chinese technology firm makes everything from set-top boxes and routers to smartphones. Western worries concern back-end equipment of the sort used to construct mobile-phone networks. Huawei has quickly caught up with established firms in that market, such as Ericsson and Nokia, particularly when it comes

to the machines necessary to run fast "fifth-generation" (5G) networks. As its gear has been installed around the world, worries have grown that it might contain "back doors"—deliberate security flaws inserted to allow the Chinese state to conduct espionage, or even to attack phone networks themselves.

America is waging a campaign against Huawei around the world. In two recent speeches Mike Pence, America's vice-president, urged allies to shun the firm's gear. He mentioned a Chinese law passed in 2017 that would require firms to co-operate with the country's intelligence services. Australia has already banned Huawei's equipment. Japan has passed laws that seem designed to target the firm. In December Canadian police arrested Meng Wanzhou, the daughter of Ren Zhengfei, Huawei's founder, at America's request. She—and Huawei—are charged with evading American sanctions on Iran.

Support for America's tough stance is not universal. The most prominent excep-

BUSINESS HUAWEI

America and its allies disagree on Huawei

Britain is the chief dissident, but Germany and Italy are pushing back too

tion is Britain, which allows Huawei's kit but scrutinises it at a laboratory run by the National Cyber Security Centre (NCSC), part of GCHQ, Britain's electronic-spying agency. On February 20th, speaking at a security conference in Brussels, Ciaran Martin, a member of GCHQ's board, gave the spooks' view. GCHQ has probed Huawei's hardware and code for years. It found no evidence of back doors but dis-

covered that Huawei's code is a spaghetti-mess full of holes and weak security.

Despite those criticisms, Britain's conditional seal of approval is important for Huawei as a counterbalance to American pressure. Germany and Italy also seem reluctant to ban it. Germany recently opened a test laboratory similar to the one in Britain. New Zealand has blocked an application by Spark, a phone network, to



use Huawei's gear on national-security grounds. But it has not blacklisted the firm outright. Poland, which arrested both a Chinese Huawei employee and one of its own citizens on espionage charges in January, has pleaded for Western unity.

Huawei itself points out that no evidence of back doors has ever been found and argues that implementing them would be commercial suicide. The firm's tone is both conciliatory and defiant. Ren has described American concerns as "polit-

ically motivated" and said that the country will be unable to "crush" his firm. Huawei has said it will address Britain's criticisms but that doing so will take years.

The arguments are about more than coding. Huawei is a Chinese champion. As an aspirant superpower, China sees technology as a vital national interest. The incumbent superpower, America, thinks similarly and a technological cold war is developing between the two. Britain, pondering its place in the world after Brexit, is a traditional ally of America but is also courting Chinese investment.

Canada's position is the trickiest of all, at least for now. Its government must decide by March 1st whether Meng's extradition hearing can go ahead. In what are widely seen as reprisals for her arrest, two Canadian citizens have been detained in China. A third has been sentenced to death for drug-smuggling, after initially being sentenced to 15 years in prison. Expect the temperature to carry on rising.

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