Huawei: So Many Pronouncements, So Little Change

Hobbled by lack of technical insight on telecom trade, government policy remains muddled – and dangerous for network deployers.

By Steven S. Ross / *Broadband Communities*

Conflict over Huawei continues to boil, leaving many network deployers unable to plan ahead or budget for changes to networks already in place. The situation is complicated by the demise of the White House Office of Science and Technology Policy (OSTP), which lost the last of what once was a 100-person staff at the end of June. OSTP has not had a director since President Trump took office.

In my last Bandwidth Hawk column, I suggested that Huawei, the world's largest telecom equipment producer, could continue to supply hardware, and affiliated American companies could provide the software. That would reduce a key security concern: that a software update could shut down the entire American civilian broadband system. Security also would be enhanced if Huawei equipment were confined to the network edge and was not ubiquitous in network cores. But what 5G facilities would be considered edge? That would have been an OSTP question. My column stimulated many direct emails and calls. Here's where we are now:

In the popular press, Huawei network security concerns have been conflated with Trump administration complaints that Huawei, like Chinese communications equipment supplier ZTE, had violated sanctions by selling equipment to a chain of distributors and resellers – equipment that ended up in Iran and North Korea. When ZTE was caught for a second time in 2018, it promised to, ahem, "be more careful." But the Commerce Department claimed this spring, apparently with some justification, that violations by Huawei continued. ZTE admitted guilt, fired some executives, and submitted to court monitoring. Huawei has not.

To be fair, violations such as these are common and rarely enforced. For instance, before Dick Cheney ran for vice president in 2000, he was president of Halliburton. His company created a foreign-based subsidiary that provided oil field services to Iran despite a U.S. prohibition.

The bigger issue with Huawei is that it needs advanced chips and other components made by U.S. companies. Access to those "advanced" parts must be licensed by the Commerce Department's Bureau of Industry and Security (BIS), and resale is sharply restricted.

But what is "advanced"? At the G20 meeting at the end of June, President Trump signaled flexibility linked to general China-U.S. trade issues. He decoupled network security issues from technology issues by saying U.S. companies could continue to sell to Huawei except when national security considerations are involved. Did that mean security only of U.S. networks? On Monday, July 8, the Commerce Department confirmed the answer was yes. But by the next day, commercial issues were added back in.

U.S. COMMERCE SECRETARY WEIGHS IN

"It is our job to protect the long-term interests of our country by maintaining and strengthening our advantage in leading-edge technologies," Commerce Secretary Wilbur Ross said at the BIS Annual Conference on Export Controls and Security.

He continued: "We cannot allow our most precious resource – our intellectual property – to be stolen, copied, or traded away for short-term gain. We … understand China's tenacious pursuit of American technologies it needs to modernize its military. This cannot be tolerated, and we are updating our export control policies to account for this very real threat. BIS's Entity List denies sensitive technologies to companies endangering our national security and foreign policy interests."

Ross said that since 2017, the United States has added 182 companies to the Entity List, including 49 each from China and Russia and 20 from Pakistan. On May 16, BIS added Huawei and 68 affiliates. "On May 20, BIS issued a 90-day General License allowing customers time to arrange new suppliers and for Commerce to determine the appropriate long-term measures for American and foreign telecom providers currently relying on Huawei."

"To implement the President's G20 Summit directive," Ross said, "Commerce will issue licenses where there is no threat to U.S. national security. ... Huawei itself remains on the Entity List, and the announcement does not change the scope of items requiring licenses."

Translation: Huawei may still be on boil, not simmer. The United States still has no criteria for what a fatal security or technology risk might be. Americans seem to think manufacturing advanced technology in China, by American firms, is fine.

Stay tuned – and budget carefully for new deployments. ❖

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