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With little evidence to stand on, US eases ban on Huawei's relationship with US suppliers

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On June 29, when U.S. President Donald Trump announced via Twitter that he would allow Chinese telecom giant Huawei Technologies Co. Ltd. to purchase components from U.S. suppliers, he put a halt to a slow, uneven process of isolating Huawei from sensitive U.S. technologies.

Just a month before the June 29 G20 meeting with Chinese President Xi Jinping that elicited the agreement to restart negotiations to end the trade war, the U.S. Department of Commerce placed Huawei on a list of designated entities that U.S. companies are prohibited from doing business with unless they receive a special license. On June 24, the Commerce Department went further, adding five Chinese entities involved with supercomputing to the list.

Now that President Trump has reversed that process through an agreement with President Xi — the details of which are still forthcoming — tech supply chains involving everything from rural telecom switches to cutting-edge 5G technology are as uncertain as ever.

The process of isolating Huawei has been ongoing. In 2012, the U.S. House of Representatives released a report, “Investigative Report on the U.S. National Security Issues Posed by Chinese Telecommunications Companies Huawei and ZTE,” that concluded that both Huawei and another Chinese telecom giant, ZTE Corp., were national security risks and likely beholden to the Chinese government. The report determined that China was a dangerous state actor engaged in widespread commercial and industrial espionage, using semi-private companies as fronts for their efforts to modernize as quickly as possible.

Both ZTE and Huawei were subsequently restricted from U.S. government procurement contracts, and their activities were scrutinized in the U.S. and abroad. At the same time, various lawsuits alleging industrial espionage pitted the nascent Chinese companies against suppliers, smaller rivals and major telecom companies, such as Motorola, Inc. and Cisco Systems, Inc. Several of those lawsuits have been settled; others are still ongoing.

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