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TECH

Huawei Risks Tougher Line From Britain After Latest U.S. Offensive

U.K. officials are considering warning carriers to stay away from the Chinese firm, having previously resisted American pressure to do so



Huawei's offices in Reading, west of London. U.K. officials are leaning toward advising carriers to reduce or drop Huawei gear.

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LONDON—New U.S. restrictions imposed on China's Huawei Technologies Co. have prompted British officials to consider steering telecom carriers away from its gear, according to people familiar with the matter—providing fresh momentum to Washington's anti-Huawei campaign.

British security officials are leaning toward advising wireless carriers as soon as the end of June to reduce or altogether drop Huawei, the world's largest maker of cellular-tower equipment and related infrastructure, from future network plans, according to these people. Such a recommendation wouldn't be binding until the government followed up with legislation.

Still, such advice would represent a major rethink of Huawei's role in providing telecom equipment in the U.K. Just a few months ago, Prime Minister Boris Johnson's government was resisting heavy U.S. pressure and allowing Huawei to continue to supply British telecom carriers with components for 5G networks being rolled out.

In May, the Trump administration significantly ratcheted up restrictions on Huawei, using export rules to bar global suppliers from selling Huawei computer chips produced using U.S. tools. This American technology dominates the semiconductor industry, threatening to significantly hinder Huawei's ability to churn out sophisticated equipment for carriers.

U.S. officials have long said Beijing could direct Huawei to sabotage or spy through 5G networks, which promise to provide superfast wireless speeds for coming technologies such as self-driving cars. Huawei and Beijing say they would never commit such wrongdoing. After the U.S. announced the new rules, China's foreign ministry urged the U.S. to immediately halt "its unreasonable suppression against Huawei."

U.S. officials have threatened to cut off intelligence-sharing with allies who use Huawei equipment. U.K. officials have privately said they perceive those threats as a far lower risk than the practical effects of the export curbs, according to people familiar with those discussions. Ensuring that British telecom operators can get equipment they need to quickly roll out 5G networks has taken on new urgency, these people said.

A rethink in the U.K. could be a big win for Washington, which has struggled to get some of its closest European allies, including London and Berlin, to ban Huawei gear.

The U.K. decided earlier this year to continue to allow carriers to use Huawei, with some significant limits, including a cap on market share and a ban on Huawei gear in the "core" of 5G networks. That includes centralized parts of the 5G infrastructure that route network data.

This was seen as a way to balance security concerns raised by the U.S. with British carriers' already-significant reliance on Huawei and with the country's 5G rollout ambitions.

"That was supposed to put the issue to bed, and it clearly hasn't," said Emily Taylor, chief executive of U.K. cyberintelligence firm Oxford Information Labs and a researcher into 5G network security.

Huawei has other options for computer chips, but British officials worry Huawei hardware built with those alternatives could be less reliable, according to people familiar with the matter. British authorities worry alternative chips made in China could add new security risks, these people said.

Huawei already enjoys significant market share in the U.K. due to what telecom executives say are quality products and reasonable prices. For years, they have pushed the government to continue to allow Huawei to sell into the country.

Victor Zhang, head of Huawei's U.K. operations, said the company has a proven record and was happy to work with the British government regarding "any concerns they may have and to continue the working relationship we have had for the last 10 years."

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British security officials' supply-line considerations dovetail with growing hawkishness toward China among some politicians, many in Mr. Johnson's Conservative Party, over Beijing's handling of the coronavirus pandemic and its challenge to Hong Kong's autonomy.

Reflecting the U.K.'s changing views, Britain's National Cyber Security Centre met online with major British carriers last week, with discussions covering how they can wean themselves off Huawei gear.

"The mood music has changed," said one person familiar with the call. "It has shifted from a security discussion to one about the viability of your suppliers."

Telecom executives and engineers urged the government to provide guidance quickly, people familiar with the call said. Britain's plans to launch 5G networks could be delayed depending on whether the government asks carriers to omit Huawei from future plans, or takes the more drastic step of asking them to remove existing Huawei gear.

The NCSC "is looking carefully at any impact [the new U.S. export rules] could have to the U.K.'s networks," a spokesman said, citing the importance of "security and resilience" in the networks. The center is part of the U.K.'s GCHQ electronic intelligence agency.

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