

# Pentagon halts sales of Chinese-made smartphones as security risk

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The Pentagon has ordered retail stores on its bases around the world to cease selling all smartphones and devices made by two Chinese companies, citing security concerns.

It marked the latest salvo by the federal administration against Chinese or Russian companies that sell technology that could pose a national security risk or leave people using it vulnerable to hacking.

A Pentagon spokesman, Maj. David W. Eastburn, said all smartphones, modems, personal WiFi hotspots and other devices made by Huawei Technologies Co. Ltd. and ZTE Corp. had been removed from stores at military facilities.

"Huawei and ZTE devices may pose an unacceptable risk to department's personnel, information and mission," Eastburn said.

He declined to specify how the devices might be compromised: "For security reasons, I can't get into the technical aspects of potential threats."

The largest telecommunications equipment manufacturer in the world, Guangdong-based Huawei, vies with Apple Inc. to be the world's second largest smartphone maker, trailing only South Korea's Samsung. Huawei was founded in the late 1980s by a former engineer from the People's Liberation Army.

The second firm, ZTE, also based in Guangdong province, makes smartphones, tablets, and telecommunications equipment. In 2017, the company admitted shipping telecom equipment to Iran and North Korea and agreed to pay \$1.19 billion in fines as part of an investigation into whether it violated trade sanctions. In March, the U.S. Commerce Department imposed a seven-year ban on ZTE buying technology from U.S. suppliers, including chips considered essential to some of its products.

Both companies have come under scrutiny on Capitol Hill, where Republican Sens. Marco Rubio of Florida and Tom Cotton of Arkansas introduced a bill in February that would bar the U.S. government from contracting with any company that uses equipment or services from Huawei or ZTE. A similar bill was introduced in the House.

Rubio and Cotton are members of the Senate Intelligence Committee and privy to classified information.

"I'm pleased with the Pentagon's decision," Cotton said. "We should continue working toward zero use of Huawei and ZTE products in the U.S., but this a good step"

Rubio tweeted nearly two weeks ago that if either of the two Chinese companies were to receive a request from China's intelligence services to use their cellular networks for espionage, they would have little option.

"They have no choice but to comply," Rubio said. "This is a dangerous national security threat to U.S."

Neither Huawei nor ZTE responded immediately for request to comment.

While the Pentagon's action will have negligible impact on the two

companies, it does mark a growing effort by the Trump administration to thwart efforts by China, and to a lesser extent by Russia, to hamper competition in the high-tech arena or gain tools for possible use in espionage.

Military exchanges worldwide sold 2,400 devices from Huawei and ZTE last year, Eastburn said, amounting to sales of about \$112,500 for Huawei and \$65,000 for ZTE.

A U.S.-based analyst of U.S.-China military relations, Maochun Yu, said the ban is part of a broader sea change in the way U.S. officials view China under the Trump administration.

"The ban itself may not be all that significant but it's part of a seismic change," Yu said, one in which U.S. policymakers view every aspect of the bilateral relationship through a national security lens, no longer accepting, for example, the shift of American manufacturing ability to China as merely an economic matter.

"Actually, it's America's loss of (control of) the defense supply chain, and that's very deadly," Yu said. "No defense official responsible for national defense would take that matter lightly."

Earlier this year, the U.S. branch of Huawei said the company is "aware of a range of U.S. government activities seemingly aimed at inhibiting Huawei's business in the U.S. market." It said it was "committed to openness and transparency in everything we do."

The Trump administration has gone beyond simply barring sales of a product or service.

In March, a [national security](#) panel that can halt corporate mergers blocked a Singapore-based chipmaker, Broadcom, from its \$117 billion

bid to buy Qualcomm, a major U.S. semiconductor maker out of concern it would hinder U.S. competition with China in high-tech development, specifically the drive to build high-capacity 5G wireless networks.

In a blow to a major Russian internet [company](#), the Department of Homeland Security last September barred federal agencies from using antivirus software made by AO Kaspersky Lab, apparently out of concern it might make hard drives vulnerable to monitoring by Russian intelligence.

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