

US commerce secretary to vet imports of sensitive technology

Concerns that equipment sold by Chinese companies such as Huawei could be used for spying

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The US commerce secretary would be able to block imports of any technology deemed to pose a potential national security threat under sweeping new plans proposed by the Trump administration. In an attempt to combat the perceived threat of Chinese equipment being used for spying, the US commerce department on Tuesday put forward rules requiring the personal approval of commerce secretary Wilbur Ross for sensitive transactions.

Lawyers said the move could result in the creation of a significant new bureaucracy, with one likening it to the creation of the powerful Committee on Foreign Investment in the US (Cfius), which can block any US investment by a foreign company.

The proposal would give Mr Ross the power to stop any transaction involving sensitive hardware, software or data services between an American company and anyone linked to a “foreign adversary”.

Mr Ross said: “These actions will safeguard the information and communications technology supply chain [and] demonstrate our commitment to securing the digital economy, while also delivering on President Trump’s commitment to our digital infrastructure.

”Chinese technology companies have been under intense scrutiny in Washington for more than a year, as US officials warn that their equipment can be used for spying by Beijing, and in some cases, has been used in China to repress human rights.

Companies and experts now have 30 days to respond to the proposals, with officials stressing that the department has yet to decide on how they would be implemented.

But some in the tech industry predicted that the move could create a significant new hurdle for technology companies across the world seeking to sell their products to the giant US market.

Kevin Wolf, a partner at the law firm Akin Gump, said: “This is kind of a new Cfius, but one that is not about an investment in a US company, but any kind of technology transaction.

“This is creating a whole new bureaucracy and a whole new regulatory structure.” Recommended Huawei Technologies Co Ltd Huawei admits that US sanctions are hurting Mr Trump announced in May that he was putting Huawei, the telecoms equipment maker, on a blacklist that would limit its access to US supplies. Any American company wanting to sell technology to the Chinese company now must secure a permit, the first of which were issued last week, following months of deliberations at the commerce department.

Alongside the blacklisting, Mr Trump also asked Mr Ross to draw up rules to restrict the sale of technology equipment that could pose a threat to national security.

Many in the telecoms industry predicted Mr Ross would impose a blanket ban on Huawei supplying telecoms equipment to the US, but several companies have lobbied heavily against him doing so.

Several small rural broadband providers warned that banning them from using Huawei equipment would make it slower and more expensive to roll out faster broadband to remote parts of the US. We'll send you the news Explore our curated emails with crucial insights on global trade, M&A, tech and more. View our newsletters Mr Ross appears to have heeded those warnings by proposing to evaluate transactions case-by-case.

The commerce secretary will be responsible for deciding which countries are adversaries, and which technologies pose such a threat.