ZTE can no longer buy Qualcomm chips after US ban



The US Department of Commerce just announced a ban on American exports to the Chinese smartphone maker ZTE. That means American companies like Dolby and Qualcomm won't be able to export any parts to ZTE for up to seven years. The loss of Qualcomm is particularly damaging, as it severely restricts ZTE's options for devices in the US market.

The Commerce Department says ZTE failed to uphold a plea agreement after it pleaded guilty last year to illegally shipping US equipment to Iran and North Korea. Part of the deal was that ZTE would reprimand and deny bonuses to the employees who had acted illegally. But the company didn't meet this part of the deal. It gave full bonuses to those employees and only fired four senior staffers while keeping 35 employees who had also violated the law on deck, officials told *Reuters*.

"Instead of reprimanding ZTE staff and senior management, ZTE rewarded them. This egregious behavior cannot be ignored," Secretary of Commerce Wilbur Ross said in a press release.

The company had also agreed at the time that it would forfeit its export privileges for seven years if it failed to meet the agreement, which is what's happening now. *The Verge* has reached out to ZTE for comment.

The phone maker is also under scrutiny in the UK, where the National Cyber Security Centre (a cybersecurity watchdog) issued a letter to the telecoms industry today warning against using equipment or services from ZTE, citing risks to national security. The letter was shown to the *Financial Times.* The letter notes that since the UK already uses Huawei equipment, adding an additional Chinese supplier on top of that would increase the difficulty of "mitigating the risk of external interference." The National Cyber Security Centre also notes that ZTE's violation of US sanctions against Iran and North Korea in the 2017 case played a role in its decision to issue the letter.

These are only the latest responses meant to address escalating concerns that China's government could carry out espionage or snoop communications with the network infrastructure made by Huawei and ZTE. The FCC is considering a proposal that would prevent carriers that purchase equipment made by the companies from receiving crucial funding.

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