ZTE says the US export ban will “severely impact” its survival

Chinese technology company ZTE issued a statement today in response to the US government’s banning of American exports to the company. The US Department of Commerce says ZTE didn’t uphold a plea agreement after the company pleaded guilty last year to illegally shipping US equipment to Iran and North Korea. The department specifically says the company still gave employees who acted illegally full bonuses, despite saying it wouldn’t. Additionally, only four senior staffers were fired out of the 35 who reportedly violated the law, *Reuters* reported.

Now, four days after the ban, ZTE says it tried to comply with the US and invested “tremendous resources in export compliance.” It says, “the Denial Order will not only severely impact the survival and development of ZTE, but will also cause damages to all partners of ZTE including a large number of U.S. companies.” It also says it could “take judicial measures to protect the legal rights and interests of our Company, our employees and our shareholders, and to fulfill obligations and take responsibilities to our global customers, end-users, partners and suppliers.” A leaked internal memo suggests that ZTE has assembled a crisis team to handle and respond to the situation.

Meanwhile, the UK’s National Cyber Security Centre issued a letter to telecom providers warning against using ZTE’s equipment or services because of risks to national security. The watchdog says the letter partially came out because of

ZTE’s response to US sanctions against Iran and North Korea, but also because of concerns over the “risk of external interference” in the country’s systems from China.

https://www.theverge.com/circuitbreaker/2018/4/20/17263838/zte-ban-export-comment-department-of-commerce