

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Applications of T-Mobile US, Inc.,)	WT Docket No. 18-197
and Sprint Corporation for Consent)	
to Assign or Transfer Control)	
of Licenses and Authorizations)	

**REPLY COMMENTS OF HUAWEI TECHNOLOGIES CO., LTD.
AND HUAWEI TECHNOLOGIES USA, INC.**

Huawei Technologies Co., Ltd. and Huawei Technologies USA, Inc. (“Huawei”) file these brief comments relating to the Petitions to Deny (the “Petitions”) the proposed merger between T-Mobile US, Inc. and Sprint Corporation, which were submitted to the Federal Communications Commission (“FCC” or “Commission”) in the above-captioned docket by the Communications Workers of America (“CWA”) and the Rural Wireless Association, Inc. (“RWA”). Huawei is not taking a position on the Petitions, but simply seeks to correct certain misstatements made by CWA and RWA with respect to Huawei.

In particular, Huawei disagrees with assertions or implications that its products hinder American security and innovation. *See* Comments of Communications Workers of America, WT Docket No. 18-197 (filed Aug. 27, 2018) at iv-v, 71-74 (“CWA Petition”); Petition to Deny of the Rural Wireless Association, Inc., WT Docket No. 18-197 (filed Aug. 27, 2018) at 23-29 (“RWA Petition”). Huawei has already filed substantive comments in another pending proceeding, *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs* (“National Security NPRM”), detailing, among other things, the security of its products, its strict cybersecurity protocols, and its independence from the Chinese Government, and incorporates them by reference herein. *See* Comments of Huawei Technologies Co., Ltd. and

Huawei Technologies USA, Inc., WC Docket No. 18-89 (filed Jun. 1, 2018) (“Huawei Comments”); Reply Comments of Huawei Technologies Co., Ltd. and Huawei Technologies USA, Inc., WC Docket No. 18-89 (filed July 2, 2018) (“Huawei Reply Comments”); *Ex Parte* Written Submission of Huawei Technologies Co., Ltd. and Huawei Technologies USA, Inc., WC Docket No. 18-89 (filed Aug. 6, 2018); *Ex Parte* Written Submission of Huawei Technologies Co., Ltd. and Huawei Technologies USA, Inc., WC Docket No. 18-89 (filed Aug. 23, 2018). The Petitions contain assertions regarding Huawei that are misleading or not supported by facts, including suggestions, whether explicit or not, that the use of Huawei’s equipment in U.S. telecommunications infrastructure potentially threatens national security.

RWA mentions the concerns about Huawei equipment stated in the National Security NPRM and in the recent National Defense Authorization Act, but adds that “RWA has expressed concerns regarding both the National Security NPRM and the NDAA, noting that they will (1) irreparably damage existing rural wireless broadband networks; (2) inhibit future wireless broadband deployment in many rural and remote areas throughout the country; and (3) fundamentally fail to effectively protect national security. These concerns remain.” RWA Petition at 25. Nonetheless, RWA adds, “*If* the use of Huawei equipment is of such significant concern in the universal service context, it must be similarly treated as a concern in the proposed transaction.” *Id.* (emphasis supplied). Thus, Huawei understands RWA’s concern to be the fundamental inconsistency of raising national security concerns over Huawei equipment in one proceeding but not another. *Id.* Indeed, Huawei itself has noted that the Commission’s approach to perceived national security threats is riddled with inconsistencies and invidious distinctions. However, as Huawei has repeatedly clarified, its products and services pose no such threat—whether here or in the National Security NPRM.

CWA attempts to support its arguments by trotting out the same tired list of U.S. Government actions excluding Huawei from the U.S. market. CWA Petition at 71-72. These actions were based solely on unfounded accusations, and CWA offers no evidence that Huawei products actually pose a threat. Although it is an impossible task for Huawei to prove a negative, Huawei has repeatedly demonstrated to the Commission that it is committed to cybersecurity, both in its products and in the telecommunications industry as a whole. Huawei has proffered substantial evidence of its comprehensive approach to designing, developing, and manufacturing secure products; to ensuring that its global supply chain is robust and secure; and to furthering research into cybersecurity protocols so that all members of the global telecommunications community are adhering to cutting-edge security protocols. Huawei vehemently disagrees with the characterization that its products are not secure.

In some instances, the Petitions make assertions that are downright false. For example, CWA refers to Huawei as a “Chinese government-owned” entity when, as Huawei has already noted numerous times to the FCC, the Chinese government has no control, financial or otherwise, over the company. CWA Petition at iv. Indeed, Huawei has also submitted significant documentation to the Commission, including reports prepared by Chinese law experts, that it operates entirely independent of the Chinese government. Not only does Chinese law not permit government interference into private business operations, but Huawei as a company has always operated as a private business. Although Huawei’s headquarters are in China, Huawei is a global company with more than 60% of its revenue generated outside of the country, reflecting significant geographic diversity in its operations, supply chain, and financial interests. Indeed, in the last four years alone, Huawei has procured more than \$33 billion from over 1,600 suppliers in components, spares, equipment, software, and service. The implication that Huawei would or even could further

the Chinese government’s interests, whether by impeding America’s security or economic growth, is both preposterous and baseless.

CWA also discusses concerns arising from ties between Sprint, Softbank, and Huawei “in light of the race to 5G and trade war with China”—implying that solely because Huawei is a Chinese company, it might impede American broadband deployment. RWA Petition at 26; CWA Petition at v. Unsurprisingly, no evidence is provided for these allegations. Furthermore, as Huawei has noted repeatedly, its presence in the U.S. market would in fact *facilitate* 5G deployment by increasing competition, which in turn lowers prices and encourages innovation. Huawei has provided substantial economic evidence to the FCC to this effect, and, more recently, to the Federal Trade Commission as well. *See Ex Parte* Letter to Marlene H. Dortch, Secretary, from Huawei Technologies Co., Ltd. and Huawei Technologies USA, Inc., WC Docket No. 18-89 (filed Aug. 27, 2018). In doing so, Huawei has consistently demonstrated that in markets where Huawei has *not* been unfairly excluded—that is, all major non-U.S. markets—prices for equipment critical to telecommunications infrastructure deployment are uniformly lower, and the markets are quantitatively less concentrated. Huawei’s comparatively small presence in the U.S. has already resulted in higher prices, lower quality, reduced investment, and reduced incentives to innovate, all of which ultimately harm the American consumer. These effects are particularly detrimental to rural America, where “economic prosperity and quality of life” are directly correlated with the availability and quality of “wired and wireless broadband infrastructure.”¹

¹ “Supporting President Trump’s Vision for Expanding Broadband in Rural America,” U.S. DEPARTMENT OF COMMERCE, Jan. 10, 2018, available at <https://www.commerce.gov/news/blog/2018/01/supporting-president-trumps-vision-expanding-broadband-rural-america>; *see also* Report to the President of the United States from the Task Force on Agriculture and Rural Prosperity, U.S. DEPARTMENT OF AGRICULTURE, Oct. 21, 2017, available at <https://www.usda.gov/sites/default/files/documents/rural-prosperity-report.pdf>.

Currently, more than 24 million Americans lack the requisite telecommunications infrastructure for high-speed connections—and 80% of these Americans live in rural areas.² Huawei’s equipment and services can greatly facilitate bridging this divide. Thus, while the Petitions imply that Huawei’s presence in the U.S. telecommunications market may hinder American 5G deployment in favor of the Chinese government, the facts actually show the opposite: limitations on Huawei’s presence in the U.S. have hampered and will continue to hamper America’s ability to maintain superiority in the international telecommunications industry.

As noted above, Huawei takes no position on the Petitions to Deny, or on the underlying proposed transaction. In addressing these matters, however, the Commission should give no weight to unfounded allegations regarding Huawei’s products.

Respectfully submitted,

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Glen D. Nager
Bruce A. Olcott
Ryan J. Watson

JONES DAY
51 Louisiana Ave, NW
Washington, D.C. 20001
(202) 879-3939
(202) 626-1700 (Fax)
gdnager@jonesday.com
bolcott@jonesday.com
rwatson@jonesday.com

Andrew D. Lipman
Russell M. Blau
David B. Salmons
Catherine Kuersten

MORGAN, LEWIS & BOCKIUS LLP
1111 Pennsylvania Ave, NW
Washington, DC 20004
(202) 739-3000
(202) 739-3001 (Fax)
andrew.lipman@morganlewis.com
russell.blau@morganlewis.com
david.salmons@morganlewis.com
catherine.kuersten@morganlewis.com

² *Id.*; *see also, e.g.*, “Remarks of Assistant Secretary Redl at the Broadband for All Seminar, “NTIA’s Role in a 5G World,” Stockholm, Sweden, Jun. 25, 2018, *available at* <https://www.ntia.doc.gov/spechttestimony/2018/remarks-assistant-secretary-redl-broadband-all-seminar-royal-swedish-academy>.