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Huawei pledges not to pursue Iran business

By Kathrin Hille in Beijing and Geoff Dyer in Washington



Huawei Technologies has pledged not to pursue new business in Iran as the world's second-largest telecom infrastructure vendor seeks to contain damage to its reputation in Western markets.

The rare move follows criticism especially in the US – a market in which the Chinese telecom equipment maker is struggling – that equipment Huawei sold to Iran's state-controlled mobile operators allegedly helped the Iranian authorities locate and arrest

dissidents and censor the news.

“Due to the increasingly complex situation in Iran, Huawei will voluntarily restrict its business development there by no longer seeking new customers and limiting its business activities with existing customers,” Huawei said on Friday.

Huawei's multinational competitors such as Ericsson and Nokia Siemens Networks have also been active in the Iranian market, but the Chinese company has been expanding there more rapidly over the past two years following political unrest. The company has close to 1,000 staff in the country.

Sources close to the company said it had held talks with United Against Nuclear Iran, an American pressure group which had called on Huawei to pull out of Iran.

Mark Wallace, a former US ambassador to the United Nations who is president of United Against Nuclear Iran, welcomed Huawei's decision. “For the first time, a major Chinese business has joined the worldwide movement to isolate Iran. The message to companies around the world is clear: Iran is off limits to responsible businesses,” he said.

The Huawei announcement comes as political pressure is mounting in the US on companies that do business with Iran. Last week the Senate passed a measure by 100-0 which would place sanctions on banks which deal with the Iranian central bank.

The Wall Street Journal reported in October that Huawei had signed a deal earlier this year to

supply Mobile Communication Co of Iran (MCCI) with products that could help track users' locations. Huawei has denied this.

Last month, the company said it had won a contract to provide a mobile news delivery platform to MTN Irancell, the country's second-largest mobile operator. Reports have said the service helps MTN censor the news, but Huawei denies it sells any equipment that can do this.

Western multinationals have faced fierce criticism in the past for allegedly helping dictatorships monitor or persecute their citizens, especially in Huawei's home country. [Cisco Systems](#), Huawei's US rival, has been accused of helping the Chinese government build its massive internet censorship operation. [Yahoo](#) came under criticism after a Chinese dissident was arrested and jailed based on information gained from his Yahoo email account.

Huawei did not respond to questions on Friday on whether it would cut staff in Iran and whether its partial retreat was driven by hopes to improve its image in other parts of the world.

But the move – an exception for a company which has over the past 20 years aggressively grabbed business from global competitors in markets around the world – comes at a crucial time for Huawei.

As growth in its traditional core business of network infrastructure equipment is slowing, Huawei has identified enterprises and consumers as its two new growth markets, and is in the midst of recasting itself as a consumer brand.

"As we transform our business and broaden our customer base away from just operators, we need to consider other things and may start taking a slightly different approach," said one executive.

Because Huawei's founder, Ren Zhengfei, once worked for the People's Liberation Army as an officer, Huawei has been unable to shake off suspicions that it might be an arm of the Chinese military and government.

Especially in the US, concerns that its equipment could make telecoms networks vulnerable to spying or attacks have in effect blocked it out of the market. Despite a huge charm offensive directed at the media, government and business, Huawei has failed to win a single network infrastructure contract with a first-tier US operator.

In September, the US government barred the company from taking part in the development of a wireless network to be used by police and other emergency services. Earlier, the company lost out when bidding to supply a network for [Sprint Nextel](#). It has also been blocked from completing several planned acquisitions in the US.

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