

# Huawei plans legal challenge to latest US pressure: report

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Chinese telecoms giant Huawei is preparing a legal counterpunch against new moves by American regulators to bar the company from accessing \$8.5 billion in US federal funds for services and equipment, a report said Friday.

The Federal Communications Commission (FCC) last week branded Huawei and its Chinese rival ZTE as threats to US [national security](#) and blocked them from the fund.

It also proposed that other service providers be required to cancel or replace existing services and equipment from the companies.

Huawei plans to file a lawsuit in the United States next week, The Wall Street Journal reported, citing unidentified sources.

A Huawei spokeswoman declined to comment but the [company](#) has invited AFP and other media to its headquarters in the southern city of Shenzhen next Thursday for an unspecified announcement.

FCC Chairman Ajit Pai said in a statement explaining the latest move that Huawei and ZTE "have close ties to China's communist government and military apparatus."

In a statement last week, Huawei said the FCC decision was "based on selective information, innuendo and mistaken assumptions" and that blocking access to the fund will hurt American consumers.

The Universal Service Fund is used to subsidise telecommunication services and equipment mainly in rural areas of the United States, a market where Huawei gear has established a presence despite the growing US pressure on the company.

President Donald Trump moved in May to block American companies from doing business with Huawei, which US officials accuse of violating US sanctions on Iran.

Trump has since offered temporary reprieves for Huawei to allow service providers covering remote rural areas time to comply with the ban, US officials say.

ZTE came close to collapse last year after American companies were prevented from selling it vital components over its continued dealings with Iran and North Korea.

Trump later allowed ZTE to resume imports under tough conditions.

Huawei's chief financial officer, Meng Wanzhou, who is also the daughter of the company's founder and CEO, was arrested in Canada last year and is now fighting extradition to the United States on fraud and conspiracy charges tied to US sanctions.

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