

Huawei unveils flagship foldable smartphone for China market

February 22 2021, by Joe McDonald



Struggling under U.S. sanctions, Huawei unveiled a folding smartphone with an 8-inch (20-centimeter) -wide screen Monday to show off its tech prowess but said it will be sold only in China.

The Mate X2 highlights the challenges for Huawei Technologies Ltd. after Washington cut off access to U.S. processor chips and Google services. Last year, Huawei fell from the top-selling global smartphone brand to sixth place.

Huawei says the Mate X2, its third folding phone, has crisper visuals and better sound for movies and games. It runs on Huawei's most advanced processor chip, the Kirin 9000.

The phone offers "a truly immersive experience," the president of Huawei's consumer unit, Richard Yu, said at a launch event broadcast online.

Huawei, China's first global tech brand, was battered by being put on an export blacklist by then-President Donald Trump in 2019 as a security risk, an accusation the company denies. Huawei sold its budget-priced Honor smartphone brand in November to focus resources on higher-end models.

The Mate X2 will start at 17,999 yuan (\$2,785), according to Yu.

Monday's launch "says a lot about how it still wants to trumpet its advances in technology, even if commercially speaking, its shipments will be severely hampered," said Bryan Ma of IDC in an email.

Executives said earlier Huawei stockpiled chips and other components in preparation for a possible U.S. cutoff. It isn't clear how long those supplies might last.

Huawei designed the Kirin line that powers its most advanced smartphones but relies on outside manufacturers including Taiwan's TSMC to make them.

The Trump administration stepped up sanctions last year by blocking TSMC and other global producers from using U.S. technology to make chips for Huawei, including those designed by the company.

Chinese officials accuse Washington of abusing national security complaints to suppress rising technology competitors. Huawei denies accusations it might facilitate Chinese spying.

Without Google music and other services preinstalled, Huawei's smartphone sales, including Honor, fell 22% last year to 188.5 million, according to Canalys.

Huawei's founder, Ren Zhengfei, said Feb. 9 he didn't expect new U.S. President Joe Biden to lift Trump's sanctions but expressed confidence the company can survive. Huawei, headquartered in Shenzhen in southern China, also is the biggest global maker of switching equipment for phone networks.

Huawei's smartphone unit depends increasingly on its home China market, which accounts for more than 70% of sales, up from 50% in 2019. The loss of Google services had no impact in China, where they aren't licensed and Huawei already used local alternatives.

China's ruling Communist Party has spent billions of dollars trying to build its own chip industry. But domestic producers lack the technology to manufacture chips for Huawei's most advanced products.

"The bigger question is more about how long their current stockpile of components will last them," said IDC's Ma.

Huawei has yet to report 2020 sales and profit, but Ren, the founder, said they were better than the previous year. Huawei said revenue for the first nine months of 2020 rose 9.9% to 671.3 billion yuan (\$100.4

billion).

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