

Huawei Suspends New Orders, Furloughs Russia Staff Amid Sanctions Threat – Reports

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Chinese telecoms giant Huawei has furloughed its Russian staff for at least one month after suspending new orders as Beijing faces potential secondary sanctions for doing business with Moscow, Forbes Russia has reported.

The United States has warned China not to help Russia evade sanctions, threatening to expand its toolbox of secondary penalties that force companies and investors to choose between doing business with Russia or the West.

“There are no orders, so why should people go to the office?” an unnamed source close to Huawei said.

The mandatory leave of absence follows reporting by the Izvestia daily that the company suspended new supply contracts and ordered some of its Moscow staff to work remotely in

late March. Chinese employees continued reporting to the office while the marketing staff had been cut, Forbes reported Friday.

Huawei did not comment on either story and Forbes did not indicate how many employees have been furloughed. Huawei Technologies' recruitment ads state that it employs 1,200 people, 80% of whom are local staff, in Russia and the former Soviet Union.

Izvestia reported in early April that Russia's communications ministry said it hoped Huawei's key competitor Ericsson could step in to maintain supplies. The Swedish telecom equipment maker announced Monday it was suspending business in Russia and putting employees on paid leave.

Huawei, which does not disclose financial and operational performance in Russia, reportedly accounts for 33% of networking gear, including base stations, installed in Russia.

Huawei is also among China's biggest smartphone makers to have cut smartphone shipments to Russia by at least half since President Vladimir Putin ordered to invade Ukraine on Feb. 24, according to the Financial Times.

Russian telecom operators expect network disruptions and accidents to "increase significantly" after current reserves run out in July-August, according to Izvestia.

But experts say they expect Huawei to find a way to continue supplying Russia over the course of this month. These could include using intermediaries in third countries — helped by Russia's recent legalization of parallel imports — or transferring intellectual rights to its products to Russian companies.

Huawei is likely reviewing its product range to supply Russia with critical telecom equipment and data storage systems that are made without using U.S. technology, Forbes reported.

Other experts also expect the U.S. Treasury's exemptions announced Friday on the sale of internet communication hardware, software and services from Russian sanctions to "embolden" Huawei.

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