

Steering brief

Scene setter

You are meeting [REDACTED] at Huawei [REDACTED].

Over the past ten years, Huawei has become the **number one supplier of mobile communications equipment in the world**. In November 2019, the consultancy Oxford Economics published a **study commissioned by Huawei**, showcasing Huawei's contribution to Europe's economy in terms of growth and jobs. [REDACTED]

National security concerns - 5G cybersecurity risks

A number of countries, including Germany, Denmark, Czechia, the United States, Australia and India have raised concerns about the national security risks of contracting Huawei and blocked – or set strict conditions on – Huawei's participation in public tenders. The United States restricted Huawei from accessing national semiconductor software or technology.

To address 5G cybersecurity risks, the EU has put in place a coordinated, risk-based approach, including a toolbox of mitigating measures to address cybersecurity risks at national and Union level. Huawei fears that the EU's toolbox will not allow it to participate in critical network infrastructure.

EU-China relations

Huawei's presence on the European market should be seen in the wider context of increasingly **tense EU-China commercial relations**. Many European companies have accused China of discriminatory practices on its domestic market. In the telecommunication sector, China's 'Made in China 2025' policy stipulates that 80% of the telecom equipment should be manufactured by Chinese vendors, leaving only 20% of the market to foreign suppliers. Overall, Huawei projects itself as a champion of multilateral cooperation. [REDACTED]

Huawei and sustainability

Huawei, in its 2019 sustainability report, claims to have increased the energy efficiency of their products by up to 22%, cutting CO2 emissions intensity by 32.7% compared with the base year, and recycled 86% of returned products. Huawei supports the European Green Deal.

Objectives of the meeting

- What we want:
 - Reinststate that the initiatives undertaken at EU level to address 5G cybersecurity aim at keeping the Single Market open for business while ensuring the EU core values and interests are respected.
 - Seek Huawei's assessment on the situation on the Chinese market (for 5G but also other technologies), in particular concerning the treatment of EU companies.
- What the interlocutor wants:
 - Highlight the contribution that Huawei makes to the European economy in terms of growth, jobs, and the twin (digital and green) transition.
 - Reassure the Commission about the ongoing national security concerns raised about Huawei, and discuss the EU's security toolbox for 5G networks.

Key messages

On EU-China relations

- **European companies have expressed strong concerns** about the Chinese market. In particular, the share of EU network equipment vendors has decreased dramatically.
- I would be interested in **your views on the current state of play** on the Chinese market regarding access of European companies.

On global value chains

- The Commission is working to **assess the vulnerabilities of the EU industrial ecosystem and value chains**, with the aim of building more resilient supply chains.
- The Commission has been developing **new tools and instruments** to address challenges stemming from a fast-evolving technological and political environment. For example the **5G toolbox** or the **foreign direct investment screening mechanism**.
- These tools and instruments allow keeping the **Single Market open** while ensuring our **core values and interests are respected** in a challenging global economic environment.

On Huawei in the EU and its contribution to twin transition

- **We welcome Huawei's contribution to the European economy.** Your presence on the European market is very significant.
- The **telecoms sector**, and in particular 5G and 6G connectivity, are **indispensable for the success of our digital transition**, and are also crucial **enablers of the green transition**.

On 5G and 6G

- On **5G cybersecurity**, EU Member States have committed to jointly move forward based on an objective assessment of risks and proportionate mitigating measures.
- In parallel, the **Commission is taking action** in various areas, including standardisation and certification, the screening of foreign direct investment or the application of security conditions for EU-funded programmes.
- **These measures will apply to everybody**, without targeting any actor or country in particular. EU Member States have the right to decide whether to exclude companies from their markets for national security reasons.
- We have to be forward-looking, **positioning ourselves for the upcoming 6G race**.

On the Green Deal and circular economy

- The **common European Green Deal data space** will use data to support actions on climate change, circular economy, zero-pollution, biodiversity deforestation and compliance assurance.
- We are now working on the **circular electronics initiative** to ensure that electronics are designed for durability, maintenance, repair, dismantling, reusing and recycling.
- **We acknowledge Huawei's sustainability efforts.** How do you see Huawei contributing to the Green Deal initiatives?

On digital finance

- The Commission is planning to adopt a **new strategy for digital finance** in the coming months. We want to ensure the European financial sector drives the digital revolution in finance and that consumers benefit from it.

Contacts – briefing coordination:

