

RAJA KRISHNAMOORTHY
8TH DISTRICT, ILLINOIS

115 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515

TELEPHONE: (202) 225-3711
FAX: (202) 225-7830

1701 EAST WOODFIELD ROAD, SUITE 704
SCHAUMBURG, IL 60173

TELEPHONE: (847) 413-1959
FAX: (847) 413-1965

www.krishnamoorthi.house.gov

Congress of the United States
House of Representatives
Washington, DC 20515

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June 26, 2020

The Honorable Wilbur L. Ross, Jr.
Secretary of Commerce
1401 Constitution Avenue NW
Washington, D.C. 20230

Dear Secretary Ross:

I write with deep concern about allegations recently leveled by former National Security Advisor John Bolton that President Trump harmed United States national security by supporting the Chinese telecommunications companies ZTE and Huawei at the urging of President Xi Jinping, even as his own advisors warned against it. As Mr. Bolton wrote in a recently publicized excerpt of his new book, “the most important goal for Chinese ‘companies’ like Huawei and ZTE is to infiltrate telecommunications and information-technology systems, notably 5G, and subject them to Chinese control¹.” In light of these allegations, I am requesting your clarification into whether or not President Trump, and subsequently the U.S. Department of Commerce, in fact made national security decisions based on political calculations rather than for the wellbeing of our country.

ZTE

From 2010 through 2016, ZTE, a Chinese telecommunications company, engaged in a multi-year conspiracy to supply, build, and operate telecommunications networks in Iran using U.S.-origin equipment in violation of the U.S. trade embargo on Iran.² In fact, ZTE violated “hundreds of U.S. sanctions violations” by shipping telecommunications parts to North Korea, and the company worked to cover its tracks and construct a facade to the U.S. government.³

The U.S. Department of Commerce (“Commerce Department”) responded by instituting a settlement agreement in March 2017. ZTE agreed to pay a penalty of \$661 million and agreed that export privileges could be denied if further violations were found.⁴

However, in April 2018, the U.S. government discovered ZTE lied about disciplining numerous employees responsible for previous sanctions violations – ZTE had instead rewarded them with bonuses. In response, the Commerce Department’s Bureau of Industry and Security (“BIS”) announced a seven-year ban on allowing ZTE to purchase products from American companies,⁵ including Qualcomm, a primary ZTE supplier.⁶

¹ https://www.wsj.com/articles/john-bolton-the-scandal-of-trumps-china-policy-11592419564?mod=hp_lead_pos1

² Perez, B. (2017, March 08). “ZTE fined record US\$1.2bn for violating Iran, North Korea sanctions.” *South China Morning Post*

³ Department of Commerce (2018, September 11). Secretary Ross Announces \$1.4 Billion ZTE Settlement; ZTE Board, Management Changes and Strictest BIS Compliance Requirements Ever.

⁴ *ibid*

⁵ *ibid*

⁶ Swanson, A. (2018, May 25). “Trump Administration Plans to Revive ZTE, Prompting Backlash.” *NY Times*



Because of the vulnerability of ZTE's supply chain from American companies, the ban had the potential to put the company out of business within weeks.⁷ Members of Congress from both parties, the U.S. Attorney General, and other national security officials urged President Trump to keep this ban in place.

However, with respect to ZTE and the aforementioned violations, Mr. Bolton writes, "During a conversation on trade with President Xi Jinping of China, Mr. Trump offered to lighten the penalties. Xi replied that if that were done, he would owe Trump a favor and Trump immediately responded he was doing this because of Xi⁸." Mr. Bolton adds that the President regarded this request as "an opportunity to make personal gestures" to President Xi Jinping⁹. Following that encounter in June 2018, you announced that ZTE agreed to pay \$1 billion, place an additional \$400 million in escrow, replace its senior leadership, and retain a team of compliance officials – in exchange for being allowed to continue its business with American companies.¹⁰

Given ZTE's flagrant disregard for U.S. law and American-imposed sanctions, combined with the national security risks inherent to any Chinese telecommunications company that facilitates its government's espionage, allegations that President Trump complied with President Xi's requests over those of American officials and national security experts are deeply concerning. The allegation that these decisions were intended to advance the President's own personal political agenda is perhaps even more disturbing. In light of these concerns, we request the following information:

- Which outcome better protects American national security, a seven-year ban on allowing ZTE to purchase American products, or the settlement your office announced on September 11, 2018? Please explain.
- What analysis was conducted into how the United States and its security would be better served by the settlement made with ZTE rather than the previously issued ban? Did this include a standard review process?
- Who, specifically, was responsible for the decision to overturn the Bureau of Industry and Security (BIS) ban?
- Was the individual or group of individuals tasked with overturning the BIS ban ordered to carry out this action at the direction of the President?
 - If so, please share all written correspondence between the Executive Office of the President and the individual or group of individuals responsible for implementing the decision to overturn the BIS ban.
- Is there precedent for a sanction issued by the BIS against a foreign company being lifted after it has been issued?
 - If so, has such a reversal ever followed the request of a foreign official?
- Did ZTE or the Chinese government compensate the United States government or any individuals for revoking the BIS sanctions in any manner beyond the publicly announced settlement?

Huawei

In another instance, Huawei – the world's top seller of telecom equipment¹¹ – faced criminal charges from the Justice Department in 2019. These charges included a decade-long attempt to steal trade secrets, obstruct a criminal investigation, and evade economic sanctions on Iran.¹² Importantly, Mr. Bolton also wrote that the President "offered to reverse criminal prosecution against Huawei for violating sanctions on Iran if it would help

⁷ *ibid*

⁸ <https://www.nytimes.com/2020/06/18/us/politics/john-bolton-memoir-takeaways.html>

⁹ Blatchford, A. (2020, June 22). Bolton book could factor into Huawei exec's extradition case". *Politico*

¹⁰ Cathey, L. (2020, June 17). "Bolton, in new book, alleges Trump asked China to help him get reelected". *ABC News*

¹¹ <https://www.wsj.com/articles/u-s-pushing-effort-to-develop-5g-alternative-to-huawei-11580831592>

¹² <https://www.nytimes.com/2019/01/28/us/politics/meng-wanzhou-huawei-iran.html>

in the trade deal — which, of course, was primarily about getting Trump re-elected in 2020.”¹³ Despite the absence of public evidence that Huawei received leniency at the urging of the White House, we are concerned by Mr. Bolton’s allegations that the President may have attempted to provide favorable considerations to the company despite overwhelming evidence that it engaged in criminal activity. In light of these concerns, we request the following information:

- Did the White House make any requests for greater leniency or additional considerations for Commerce decisions on Huawei?
- Did Commerce follow up on President Trump’s offer of leniency for Huawei in return for any action intended to boost his reelection chances?

Secretary Ross – Mr. Bolton writes, “I am hard-pressed to identify any significant Trump decision during my White House tenure that wasn’t driven by reelection calculations.”¹⁴ We are writing today to understand if the President’s actions with regards to ZTE and Huawei were based on these criteria, and were in fact influenced by his “reelection calculations,” rather than the economic and national security interests of the United States of America and its citizenry.

We look forward to your response to these questions no later than Monday, July 6.

Sincerely,



Raja Krishnamoorthi
Member of Congress

¹³ Blatchford, A. (2020, June 22). Bolton book could factor into Huawei exec’s extradition case”. *Politico*

¹⁴ <https://www.politico.com/news/2020/06/17/john-bolton-book-trump-china-326563>