

Fact Sheet - Huawei & Entity List

Bottom Line: The Senate should not vote on Secretary of Commerce Department nominee Gina Raimondo's confirmation until she commits to keeping Huawei on the Entity List and commits to staffing the Department's Bureau of Industry and Security with an Under Secretary who has national security credentials and expertise on the Chinese Communist Party (CCP).

Authority: The Department of Commerce has authority over export controls, the primary regulatory tool to keep U.S. technology out of the hands of malign actors including genocidal autocrats and military adversaries.

What's Needed: Export control leaders must have national security credentials and a deep understanding of the CCP and how technology is being integrated into its surveillance systems and Military-Civil Fusion strategy.

Why the Uproar: Huawei's Entity Listing is a threshold question for how the Department of Commerce will approach our most complex and consequential national security challenge—keeping our sensitive technology from bad actors that aim to harm American national security and foreign policy interests. Nominee Raimondo's astonishing non-committal to what should have been an easy question—"Will you keep Huawei on the Entity List?" — raises deep concerns about how she will handle more complex policy questions related to the CCP and export controls.

Background: The Department of Commerce designated Huawei to the Entity List in May 2019. As a result, the export, reexport, or transfer of any item subject to the Export Administration Regulations (e.g., advanced semiconductor chips) requires a license issued by the Bureau of Industry and Security.

Rationale: The Department of Commerce concluded that Huawei is engaged in activities that are contrary to U.S. national security and foreign policy interests.

The Huawei Threat:

- Military Ties The Department of Defense labels Huawei as a Chinese Communist Party military company (source).
- **Criminal Enterprise** Huawei is charged in racketeering conspiracy and conspiracy to steal trade secrets (source)
- **Human Rights Violator** Huawei supports human rights abuses in China, including genocide of Uighurs and other ethnic minorities (**source**, **source**)
- Untrusted Supplier U.S. officials say Huawei can covertly access mobile phone networks around the world through "back doors." (source)

Bipartisan and Bicameral Issue: The FY2020 National Defense Authorization Act included a section to ensure Huawei is not removed from the Entity List until it no longer poses a threat to national security.

In 2019, Senators of both parties were vocal in keeping Huawei on the Entity List after former President Trump considered taking them off:

- **Senator Schumer on Twitter:** "Huawei is one of few potent levers we have to make China play fair on trade. This will dramatically undercut our ability to change China's unfair trade practices."
- **Senator Wyden in Nikkei Asia**: "I'm all for getting China to address its theft of U.S. tech, but letting a national security threat like Huawei off the hook sends China exactly the wrong message."
- Senator Cruz in a hearing: "There's chatter in Washington that the Biden administration is contemplating
 going easy on China and removing companies from the entities list. I certainly hope that does not happen
 because I think that would be profoundly contrary to the national security interest of the United States."
- **Senator Klobuchar on <u>Face the Nation</u>**: "I don't think we should be doing business with them [Huawei] right now ... this is a major security risk for America."
- Senator Romney in a <u>press release</u>: "China poses a critical threat to our national security, intellectual property, and technology, and it is vital that Huawei does not continue have access to our critical telecommunications infrastructure."
- Senator Rubio in a press release: "Adding Huawei to the Commerce Department's banned Entity List was one
 of the most important moves by the Trump Administration in America's long-term strategic competition with the
 totalitarian Chinese government and Communist Party."
- Senator Warner in Nikkei Asia: "...but we need to remember that Huawei represents a threat to national security."
- Senator Barrasso in Nikkei Asia: "I think Huawei is a threat to the national security of America."
- Senator Collins in a <u>press release</u>: "I am pleased that the final NDAA includes our amendment, which would
 continue to prevent Huawei Technologies from doing business with U.S. companies until Congress receives
 concrete assurances that it is no longer a threat to U.S. infrastructure or engaged in intellectual property theft."