

**Congress of the United States**  
**Washington, DC 20515**

May 22, 2018

President Donald J. Trump  
White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20036

Dear President Trump:

We urge you to reassess your consideration of lifting penalties on Chinese telecommunications firm Zhongxing Telecommunications Equipment (ZTE), which has violated United States statutory sanctions. The penalties you seek to lift were imposed after ZTE violated U.S. law sanctioning exports of certain items to Iran and North Korea. Lifting these penalties that were instituted after a law enforcement process would undermine the credibility of United States sanctions and permit ZTE, an entity with ties to Chinese military and intelligence agencies, access to U.S. components and technology, which would pose a risk to United States national security.

These ZTE penalties follow a 2017 Commerce Department report that disclosed evidence of ZTE re-export of controlled items to sanctions countries in defiance of United States law. That document also lists efforts taken by ZTE to mask these transfers through the use of shell corporations, suggesting malicious intent and malign activity.

The Commerce Department's action in March 2018 to impose these penalties on ZTE followed the company's acknowledgement of its violation of sanctions and failure to abide by an agreement with the United States government to hold those responsible within their company accountable. The Commerce Department, when applying these penalties, noted that ZTE engaged 'in a multi-year conspiracy to the violate U.S. trade embargo against Iran' and that it also illegally shipped 'telecommunications equipment to North Korea.'

Following this investigation through a deliberative process, the Commerce Department demanded punitive action ZTE must take against employees who supported the export of controlled items to sanctioned countries and actively sought to evade monitoring by the United States among other penalties.

According to the Commerce Department, ZTE has not punished these individuals and instead rewarded them with bonuses. These penalties follow this non-compliance on the part of ZTE.

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The legitimacy and effectiveness of United States sanctions on Iran and North Korea is contingent on a transparent process to hold violators accountable for efforts to evade those sanctions. These determinations were a result of a law enforcement inter-agency process that used evidence to guide the application of penalties on ZTE.

Providing a reprieve for ZTE would undermine United States efforts to apply pressure on both Iran and North Korea for their malign activities. It would also empower other entities and organizations to attempt to evade United States sanctions and conduct business with Iran and North Korea. This would undermine the credibility and effectiveness of the campaign to apply maximum-pressure on North Korea for its nuclear and ballistic missile programs.


ZTE, in addition to the Chinese telecommunications company Huawei, are closely tied to the government, military, and intelligence agencies of the People's Republic of China, according to a 2012 House Permanent Select Committee on Intelligence 'Investigative Report on the U.S. National Security Issues Posed by Chinese Telecommunications Companies Huawei and ZTE.'

Congress and the broader U.S. government recognize these activities. Legislation in the House has sought to prohibit the purchase of ZTE or Huawei equipment by the U.S. government. The Federal Communications Commission (FCC) moved to prohibit the purchase of ZTE and Huawei equipment through FCC funds, and the Department of Defense recognized the national security risks posed by Huawei and ZTE and banned the sale of devices from either company on United States military bases.

An effective sanctions regime requires enforcement and accountability. We urge you to reassess offering relief for ZTE in order to protect jobs in the People's Republic of China. These penalties have been applied through a deliberative process under United States law and any revision should go through the same degree of debate within the government of the United States. We additionally ask you to reassess your considerations on the basis that allowing ZTE or Huawei to access to U.S. components and technology is a risk to U.S. national security.

We look forward to your response.

Sincerely,

  
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Joaquin Castro  
Member of Congress

  
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Michael T. McCaul  
Member of Congress