

# Congress of the United States

WASHINGTON, DC 20510

December 22, 2011

The Honorable Hillary Clinton  
Secretary of State  
U.S. Department of State  
2201 C Street, NW  
Washington, D.C. 20520

Dear Secretary Clinton:

Last year, Congress passed the Comprehensive Iran Sanctions Accountability and Divestment Act of 2010 (CISADA). That law strengthened U.S. measures against Iran in response to the threat posed by its illicit nuclear program and missile development, egregious human rights violations, and its support for terrorism. Section 106 of this act prohibits the federal government from entering into or renewing a contract with a company that exports sensitive telecommunications technology to Iran.<sup>1</sup> On September 23, 2010, the President delegated this authority to you.

According to a recent study by the Government Accountability Office (GAO), the U.S. government is establishing procedures for banning procurement from firms that sell Iran technology to disrupt communications—but has not yet identified any such firms. As part of this effort, the GAO report states, the State Department is reviewing, among other things, information from open sources, including media outlets.

To that end, we would like to highlight an October 27, 2011 article in *The Wall Street Journal* that suggests that Huawei Technologies Co.—a company with close ties to the military and intelligence sectors of the People’s Republic of China—is supplying technology to Iran that fits squarely within section 106’s definition of sensitive technology.<sup>2</sup> While Huawei’s decision earlier this month no longer to pursue new business in Iran is a positive step, the company’s previous actions and continuing service of existing contracts with Iranian clients may violate section 106 and other sanctions.<sup>3</sup>

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<sup>1</sup> Under section 106, “sensitive technology” means “hardware, software, telecommunications equipment, or any other technology, that the President determines” is to be used “to restrict the free flow of unbiased information in Iran” or “to disrupt, monitor, or otherwise restrict speech of the people of Iran.”

<sup>2</sup> Steve Stecklow, Farnaz Fassihi, Loretta Chao, “Chinese Tech Giant Aids Iran,” *Wall St. J.*, Oct. 27, 2011 (see <http://online.wsj.com/article/SB10001424052970204644504576651503577823210.html>).

<sup>3</sup> Loretta Chao, Steve Stecklow, and Farnaz Fassihi, “Huawei to Scale Back Business in Iran,” *Wall St. J.*, Dec. 10, 2011 (see <http://online.wsj.com/article/SB10001424052970204319004577088001900708704.html>).

The article suggests that Huawei's significant role in Iran's government-controlled mobile-phone industry is in part the result of western companies having pulled back after the Iranian government's bloody crackdown on its citizens in 2009. In this role, Huawei appears to facilitate the Iranian government's restriction of the speech of the Iranian people and the free flow of unbiased information in Iran. Specifically, the article explains—based on interviews with telecommunications employees both in Iran and abroad and corporate bidding documents—that “Huawei recently signed a contract to install equipment for a system at Iran's largest mobile-phone operator that allows police to track people based on the locations of their cellphones.” Huawei reportedly also has supported similar services at Iran's second-largest mobile-phone provider. Such services may be a critical tool for the Iranian government in disrupting and restricting the speech of its people. For example, the article notes that Iranian human-rights organizations outside Iran say there are dozens of documented cases in which dissidents were traced and arrested through the Iranian government's ability to track the location of cellphones.

The article states that Huawei has a contract with Iran's second-largest mobile-phone operator for “managed services”—overseeing parts of the network and that, during the protests following the fraudulent 2009 elections, “Huawei carried out government orders...to suspend text messaging and block the Internet phone service, Skype, which is popular among dissidents.” According to the article, Huawei also sold equipment for a mobile news service to the same client and its representatives emphasized that, “being from China, they had expertise censoring the news.”

The article also describes Huawei as having business relationships that may place it in violation of other U.S. government sanctions. Huawei has sometimes partnered with “Zaeim Electronics Industries Co., an Iranian electronics firm whose website says its clients include the intelligence and defense ministries, as well as the country's elite special-forces unit, the Islamic Revolutionary Guards Corps.” As you know, that unit is subject to U.S. sanctions, and in October 2011, the U.S. government accused one of its branches of plotting to kill Saudi Arabia's ambassador to the United States.

Finally, the article points out that Telefon AB L.M. Ericsson and Nokia Siemens Networks, a joint venture between Nokia Corp. and Siemens AG, provided technology to the Iranian regime that could have been used to monitor dissidents, and a report by Bloomberg claims that Creativity Software Ltd. and AdaptiveMobile Security Ltd. have also marketed or provided similar technology to the Iranian regime.<sup>4</sup>

We ask you to expeditiously investigate whether Huawei and other telecommunications firms have violated section 106 of CISADA by providing sensitive technology to the Iranian government that is or has been used to restrict the speech of the Iranian people and the free flow of unbiased information in Iran, and that you ensure taxpayer funds are not being used to support companies engaged in such activity. The State Department's identification of companies in violation of section 106 of CISADA would send a powerful message to the commercial accomplices of the Iranian regime that their actions will not go overlooked.

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<sup>4</sup> Ben Elgin, Vernon Silver, Alan Katz, “Iranian Police Seizing Dissidents Get Aid of Western Companies,” *Bloomberg*, Oct. 30, 2011 (see <http://www.bloomberg.com/news/2011-10-31/iranian-police-seizing-dissidents-get-aid-of-western-companies.html>).



We also urge you to review whether telecommunications companies operating in Iran, including Huawei, are in violation of other U.S. government sanctions, such as those prohibiting companies from engaging in business with the Islamic Revolutionary Guard Corps (which owns a significant portion of Iran's telecommunications sector).

We look forward to your response.

Sincerely,



JON KYL  
United States Senator



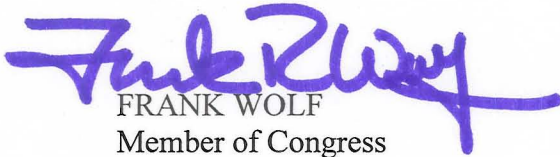
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