

Stanford University Moratorium on Funding from Huawei and Affiliates

April 14, 2021

Background

Huawei Technologies Co., Ltd. (Huawei), a large Chinese multinational technology company, is subject to longstanding concerns in numerous countries regarding national security, information security, integrity and human rights.ⁱ These concerns have dramatically increased in recent years resulting in a web of regulatory restrictions, governmental warnings and criminal indictments. These include but are not limited to (a) Huawei's addition to the Department of Commerce's Entity List which indicates the entity engages in activities contrary to U.S. national security or foreign policy interests, (b) its designation by the Department of Defense as a Communist Chinese military company supporting the People's Liberation Army and (c) a prohibition on Huawei equipment and services being used in government and government contractors' information systems.^{ii iii} In February 2020 the Department of Justice added charges to a 2019 indictment against Huawei, several affiliates and a company executive. Charges include but are not limited to conspiracy to steal trade secrets, conspiracy to obstruct justice, conspiracy to defraud the U.S., and wire fraud.^{iv} The U.S. Air Force cited this indictment as evidence of a lack of business honesty or integrity when explaining their decision to suspend Futurewei, a Huawei subsidiary, from Federal contracting.^{v vi}

There is bi-partisan recognition in Congress of Huawei's national security threat as was manifest, for example, in November 2019 when a group of bipartisan Senators expressed concern that allowing certain interactions with Huawei could pose a threat to U.S. national security.^{vii} We do not expect the level of concern or scrutiny to diminish under the Biden Administration.^{viii} In fact, the Biden Administration has already imposed additional limitations on Huawei transactions.^{ix} Many foreign governments, including Australia, Sweden, and the United Kingdom, share the U.S. government's concerns and are imposing restrictions on Huawei's access to their telecommunications systems or are purposefully using other telecommunications providers.^x

Moratorium

Past collaborations with Huawei and affiliates have been beneficial and Stanford faculty have reported fruitful collaborations. Nonetheless, the volume and severity of the concerns from numerous credible sources as described above present serious risks. After extensive review from multiple stakeholders, subject matter experts, and faculty, pursuant to our Global Engagement Review Program Stanford is taking the step of continuing the Huawei moratorium on gifts and industry affiliate programs fees. This moratorium extends to Huawei's affiliates, including its U.S. subsidiary, Futurewei.

Stanford cherishes our principles of academic freedom and we are guided by our values of research independence, openness, integrity, and non-discrimination. This moratorium is consistent with the best practice and actions taken by many of our peers.^{xi xii} The moratorium is based on the current circumstances and will be revisited annually or if there is significant change in government policy and assessment of Huawei's threat to national security.

Stanford deeply values and supports our global relationships and collaborations with our alumni, students, faculty and scholars located all over the world. Stanford reiterates its unwavering support for

our international students and scholars, and for fostering global engagements essential to world-class research institutions.

ⁱ A 2012 Congressional report stated that Huawei posed a threat to U.S. national security and included multiple recommendations and findings including that private-sector entities consider the long-term security risks of Huawei collaborations and found evidence of repeated disregard for intellectual property protection. *Investigative Report on the U.S. National Security Issues Posed by Chinese Telecommunications Companies Huawei and ZTE*. U.S. Senate Permanent Select Committee on Intelligence, 8 Oct. 2012, [https://republicans-intelligence.house.gov/sites/intelligence.house.gov/files/documents/huawei-zte%20investigative%20report%20\(final\).pdf](https://republicans-intelligence.house.gov/sites/intelligence.house.gov/files/documents/huawei-zte%20investigative%20report%20(final).pdf)

ⁱⁱ The Department of Commerce's Bureau of Industry and Security amended the Export Administration Regulations in 2019 to add Huawei and non-U.S. affiliates to the Entity List because, "there is reasonable cause to believe that Huawei has been involved in activities contrary to the national security or foreign policy interests of the United States". 84 FR 22961 <https://www.federalregister.gov/documents/2019/05/21/2019-10616/addition-of-entities-to-the-entity-list>

ⁱⁱⁱ Section 889(a)(1)(B) of the National Defense Authorization Act for Fiscal Year 2019

^{iv} <https://www.justice.gov/opa/pr/chinese-telecommunications-conglomerate-huawei-and-subsiaries-charged-racketeering>

^v <https://www.af.mil/News/Article-Display/Article/2144717/air-force-suspends-futurewei-from-government-contracting/>

^{vi} The actions and statements referenced in this memo are not an exhaustive list of concerns surrounding interactions with Huawei. For example, the Federal Communications Commission "FCC" has designated Huawei a threat to national security has limited the procurement of Huawei equipment and services.

<https://www.fcc.gov/document/fcc-designates-huawei-and-zte-national-security-threats>

^{vii} <https://www.democrats.senate.gov/newsroom/press-releases/leader-schumer-sen-cotton-lead-bipartisan-letter-to-president-trump-requesting-he-take-immediate-action-to-suspend-approval-of-licenses-that-allow-some-us-companies-to-do-business-with-huawei->

^{viii} <https://www.bloomberg.com/news/articles/2021-02-04/biden-commerce-pick-sees-no-reason-to-pull-huawei-from-blacklist>

^{ix} <https://www.reuters.com/article/us-usa-huawei-tech/biden-administration-adds-new-limits-on-huaweis-suppliers-idUSKBN2B3336>

^x <https://www.cnet.com/news/huawei-ban-full-timeline-us-sanctions-china-5g-revenue-growth-china/>

^{xi} <https://www.bbc.com/news/business-46911265>

^{xii} <https://www.latimes.com/business/la-na-pol-universities-ban-huawei-funding-donations-20190321-story.html>