

116TH CONGRESS
1ST SESSION

S. 335

To require the Secretary of Commerce to ensure that ZTE Corporation complies with all probationary conditions set forth in the settlement agreement entered into between ZTE Corporation and the Bureau of Industry and Security of the Department of Commerce.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 5, 2019

Mr. RUBIO (for himself, Mr. VAN HOLLEN, Ms. COLLINS, Mr. WARNER, Mr. MORAN, Ms. WARREN, and Mr. JONES) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require the Secretary of Commerce to ensure that ZTE Corporation complies with all probationary conditions set forth in the settlement agreement entered into between ZTE Corporation and the Bureau of Industry and Security of the Department of Commerce.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “ZTE Enforcement Re-
5 view and Oversight Act”.

1 **SEC. 2. COMPLIANCE BY ZTE CORPORATION WITH PROBA-**
2 **TIONARY CONDITIONS OF SETTLEMENT**
3 **AGREEMENT WITH BUREAU OF INDUSTRY**
4 **AND SECURITY OF DEPARTMENT OF COM-**
5 **MERCE.**

6 (a) COMPLIANCE WITH SETTLEMENT CONDI-
7 TIONS.—The Secretary of Commerce shall ensure that
8 ZTE Corporation complies with all conditions set forth in
9 paragraph 3 of the settlement agreement that are required
10 of ZTE Corporation during the 10-year probationary pe-
11 riod specified in that paragraph.

12 (b) REPORT ON COMPLIANCE.—

13 (1) IN GENERAL.—Not later than 90 days after
14 the date of the enactment of this Act, and not less
15 frequently than every 90 days thereafter, the Sec-
16 retary of Commerce shall submit to Congress a re-
17 port on the compliance of ZTE Corporation with the
18 conditions described in subsection (a).

19 (2) CERTIFICATION OF COMPLIANCE.—Each re-
20 port submitted under paragraph (1) shall include a
21 certification of whether ZTE Corporation is in full
22 compliance with—

23 (A) the conditions described in subsection
24 (a); and

1 (B) all sanctions and export control laws of
2 the United States and all licenses and orders
3 issued by the Government of the United States.

4 (c) TRANSMITTAL OF AUDITS.—The Secretary of
5 Commerce shall transmit to the appropriate congressional
6 committees all audits completed by ZTE Corporation pur-
7 suant to paragraph 3.c of the settlement agreement that
8 are provided to the Secretary.

9 (d) PENALTIES.—If the Secretary of Commerce de-
10 termines that ZTE Corporation is not in full compliance
11 with the conditions described in subsection (a), the Sec-
12 retary shall—

13 (1) waive the suspension period described in
14 paragraph 3.h of the settlement agreement for the
15 denial order described in paragraph 3.g of the settle-
16 ment agreement; and

17 (2) require the immediate payment by ZTE
18 Corporation to the Department of Commerce of the
19 \$400,000,000 held in escrow pursuant to paragraph
20 3.a of the settlement agreement.

21 (e) DEFINITIONS.—In this section:

22 (1) APPROPRIATE CONGRESSIONAL COMMIT-
23 TEES.—The term “appropriate congressional com-
24 mittees” means—

(A) the Committee on Appropriations, the Committee on Banking, Housing, and Urban Affairs, the Committee on Commerce, Science, and Transportation, the Committee on Foreign Relations, and the Select Committee on Intelligence of the Senate; and

(B) the Committee on Appropriations, the Committee on Financial Services, the Committee on Energy and Commerce, the Committee on Foreign Affairs, and the Permanent Select Committee on Intelligence of the House of Representatives.

(2) SETTLEMENT AGREEMENT.—The term “settlement agreement” means the Superseding Settlement Agreement dated June 7, 2018, between Zhongxing Telecommunications Equipment Corporation, ZTE Kangxun Telecommunications Ltd., and the Bureau of Industry and Security of the Department of Commerce.

(3) ZTE CORPORATION.—The term “ZTE Corporation” means the Zhongxing Telecommunications Equipment Corporation and any subsidiary of that corporation.

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