

Businessweek | Technology

## Dell, Micron Backed a Group Raising Alarms on Rivals' China Ties

China Tech Threat's advocacy aligns with the corporate interests of Dell and Micron, which have supported the group financially, say people familiar with the group.

by [Brody Ford](#)  
January 25, 2024



Illustration: Jordan Speer for Bloomberg Businessweek

When a Chinese balloon outfitted with surveillance equipment drifted across US skies in early 2023, it set off a nationwide panic about espionage. One opinion essay in *Newsweek* (published February 2023) argued that electronic spying was far broader than most people realized, drawing a parallel between the device floating above Montana and the glut of Chinese-made Lenovo computers in American government offices.

The author, retired US Army General James “Spider” Marks, suggested those computers were sending data to the Chinese Communist Party, and advocated for legislation that could ban them. One study he cited was from a research and advocacy group where he serves as a principal. The group, China Tech Threat (CTT), tallied how much US government agencies spend on equipment from Lenovo, which counts the Chinese government as a significant indirect shareholder. But it made no mention of the money Dell Technologies Inc., one of Lenovo’s biggest competitors, has spent to fund CTT.

Dell has been one of CTT’s main

financial backers, according to people with knowledge of the matter, who asked not to be named for fear of professional repercussions. CTT has consistently painted Lenovo laptops, with their distinctive red keyboard nub serving in place of a mouse, as nefarious tools of the Chinese state, allowing potential entry points for cyberespionage campaigns. The people say that Idaho-based chipmaker Micron Technology Inc. has also funded the group, which has included issues related to semiconductors among its national security concerns. It’s not clear how much Dell and Micron have given to CTT, or whether other companies have helped fund or operate it.

CTT is far from the only voice raising alarm about Chinese technology, a rare area of bipartisan agreement

in Washington. Lenovo in particular has drawn scrutiny from various parts of government, and semiconductor policy has been a major focus of both Congress and the executive branch. But CTT also promotes policies that would be beneficial to its sponsors without disclosing their involvement, and puts more focus on Lenovo than most tech policy experts. Funneling attacks aimed at US audiences through a group such as CTT makes sense for companies that fear a backlash from China, a major manufacturing center and consumer market.

While CTT presents as a standalone organization, it is actually a project of DCI Group, a public affairs and consulting firm with a history of “astroturfing,” the technique of disguising corporate messaging as grassroots



Lenovo devices for sale at Best Buy. Photographer: Graham Hughes/Bloomberg

advocacy, according to people familiar with the matter and documents viewed by Bloomberg Businessweek. DCI's clients have included Dell and Micron. It has also aided Exxon Mobil in fighting climate regulations, DoorDash in pushing back on criticism of its business model, and Altria Group's promotion of vaping as a healthy alternative to cigarettes. Overseas, it helped the Malaysian palm oil industry push back on allegations of human trafficking.

Dell didn't respond to requests for comment; Micron declined to comment.

Lenovo was founded in 1984 with funding from the Beijing-linked Chinese Academy of Sciences, and CAS continues to own a stake through a holding company, a connection that's caused recurring anxiety in Washington. The US Department of State said in 2006 it wouldn't use Lenovo equipment on classified servers, and a 2019 report from the Department of Defense mentioned the company's computers as a potential "cyberespionage risk" when warning about the government's use of off-the-shelf technologies. Lenovo says it has refuted many of those assertions, describing them as unsubstantiated or resolved years ago.

CTT's reports take a hard-line position on restriction of Chinese tech and can frame issues with unusually aggressive language, say several experts in academia and industry, who asked to remain anonymous to avoid picking a fight with CTT and its backers. One CTT policy memo, for instance, cites Lenovo's co-sponsorship of a video game tournament at a US Navy base as evidence that it has "infiltrated" military facilities.

**"I just Googled it, and it's, like, all over the place"**

James Lewis, a former US diplomat who's now a senior vice president at the Center for Strategic and International Studies, says that when it comes to Chinese tech anxiety, "it's easy for any story to get legs, even if there's



Dell headquarters in Round Rock, Texas. Photographer: Jordan Vonderhaar/Bloomberg

not that much there." He says he sees Lenovo as "sort of a lesser risk" in the landscape of Chinese espionage threats, citing other companies with Chinese ties, such as Huawei Technologies Co. and TikTok owner ByteDance Ltd., as greater concerns. CTT's website, though, mentions Lenovo nearly 900 times, more than Huawei and TikTok combined, according to a Google keyword search.

In a statement, CTT co-founder Roslyn Layton says the group "does not disclose its partners given the Chinese's government's policy of targeting people, companies and countries that do not agree with it," adding that she has "never engaged with any expert who has doubted CTT's research." Marks also says he stands by his arguments, describing China as "our No. 1 adversary in the world," and saying that Lenovo is subject to Chinese law requiring it to share data with the government.

Lenovo responds to questions about its ties to China by saying it's a global company with 5,000 employees in the US, and noting its supply chain is basically the same one that Dell and HP use. It says the rules about data sharing apply only to its opera-

tion within China. "We spend a lot of time refuting these allegations that are based on things that China Tech Threat has put out there and explaining why these claims are absolutely baseless," says Laura Quatela, chief legal officer at Lenovo.

Quatela says Lenovo has gone through multiple US government security reviews and is a "known and compliant entity," adding that its gear has been used in more than 900 US state and local agencies and 70 federal ones. But she also says CTT's campaigns have cost Lenovo some contracts.

In addition to publishing critical articles about Chinese-linked companies, CTT has had success pushing state-level bans on government purchases of gear from Lenovo and other companies with Chinese government ownership. At times it has worked with the American Legislative Exchange Council, which has offered model legislation on the issue. Nearly 20 states, including Texas and Florida, have introduced or passed laws or executive orders restricting procurement of technology from companies with ties to China, according to CTT.

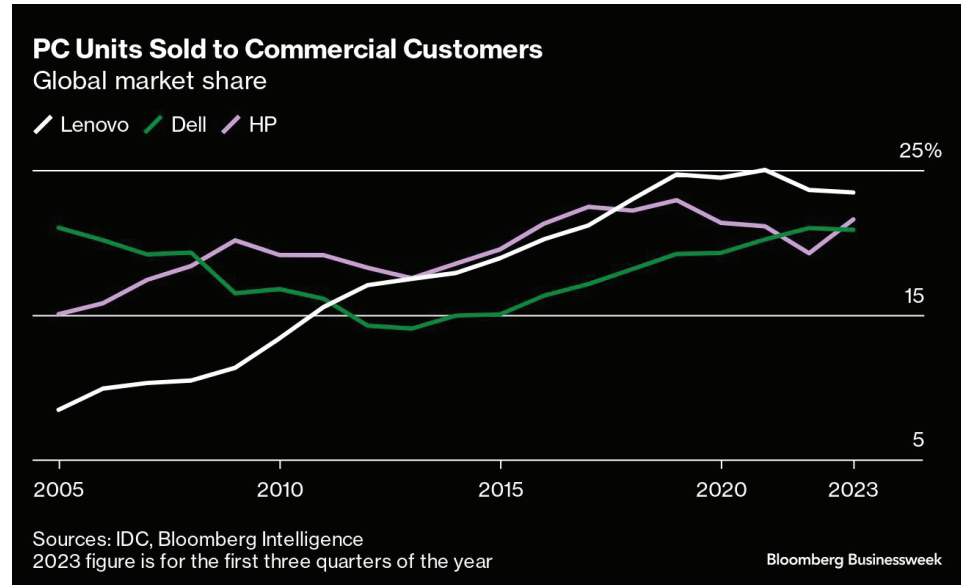
CTT provides research and testifies

at hearings, and some legislators say they've worked with it directly. Maine Republican State Senator Lisa Keim says CTT helped with legal language and research for a bill she introduced last year restricting purchases of equipment made by companies linked to Beijing. She says that she didn't know the group has been funded by Dell, but that it doesn't bother her. "Dell is probably smart and trying to find ways to increase the concern about the threat—obviously for their own business," Keim says. "But I'm doing it for the sake of Maine people and am happy to partner with anyone."

Citations of CTT's work from influential think tanks such as the Heritage Foundation and news outlets like Axios can lead lawmakers to be influenced by the campaign's perspective without realizing it. Searching for phrases such as "Lenovo China risks" today returns multiple results featuring CTT's research in the first page. While discussing how real the security risks from Lenovo were during a hearing for Keim's bill, one legislator said, "I just Googled it, and it's, like, all over the place."

By the mid-2000s, Dell and Hewlett Packard Co. were each making more than \$1 billion annually in China, according to data from industry analyst IDC. But they began stagnating about 15 years ago. The losses accelerated in 2019 (the year CTT began operations), when China ordered government offices to ditch foreign hardware, and again in 2022, when it expanded the mandate to state-backed companies.

Dell and HP struggled for years with whether they should exploit fears about Lenovo's links to China, according to former employees, who asked to speak anonymously to discuss private conversations. Shortly after Lenovo moved into the US market by acquiring IBM's laptop business in 2005, Dell reprimanded an employee who told a prospective customer that buying Lenovo was directly supporting the Chinese government, and the company put out a statement distancing itself from such rhetoric. In a discussion with executives early in the Trump administration, HP's govern-



Enrique Lores, chief executive officer of HP Inc. Photographer: David Becker/Getty Images

ment team recommended against invoking China to lobby against Lenovo, arguing that doing so could prompt retaliation from Beijing.

The China Tech Threat site appeared online in 2019. Since then, Lenovo's market share in the US government market has steadily fallen. While there are many factors at play, this suggests the CTT campaign has had some tangible impact, according to Bloomberg Intelligence analyst Woo Jin Ho, based on his interpretation of data from IDC.

CTT has also taken a hard line on

Chinese semiconductor companies that compete with another DCI client, Micron, pushing for restrictions on the Chinese semiconductor company CXMT and supporting hard-line trade policies.

In 2023, China restricted local sales of Micron's products, threatening billions in annual revenue. Since then much of Micron's government relations team has left the company, and it went from being one of the most outspoken companies on China to one that's less willing to engage, according to a congressional aide working on the issue, who asked to

remain anonymous to protect professional relationships.

HP, Lenovo's other main US competitor in PCs, has echoed some of CTT's criticism of Lenovo but done so directly. A former HP employee who worked on these issues, asking for anonymity to avoid professional repercussions, says the company increased its efforts as China restricted access to

its own products. HP has delivered reports on Lenovo's ownership structure to lawmakers, advocated for tighter Lenovo-targeted security restrictions in multiple countries and unsuccessfully pushed to restrict Lenovo in US federal procurement through legislation. In a statement, a spokesperson said the company "always has been a strong advocate of international free

trade and open markets."

With a smaller business in the country than Dell, HP has less to lose by playing up anxiety about China. In an interview after HP's earnings report in November, Chief Executive Officer Enrique Lores was frank about taking advantage of US-China tensions. "I think this could be a good opportunity for us," he said. —*With Ian King*