

**STATEMENT OF
CHAIRMAN AJIT PAI**

Re: *China Telecom (Americas) Corporation*, GN Docket No. 20-109, ITC-214-20010613-00346, ITC-214-20020716-00371, ITC-T/C-20070725-00285

Today, we initiate a proceeding to end China Telecom (Americas) Corporation's authority to provide domestic interstate and international telecommunications services within the United States. And for good reason.

Earlier this year, several Executive Branch agencies recommended that we revoke and terminate China Telecom Americas' international section 214 authorizations. Among other troubling allegations, the Executive Branch agencies maintain that China Telecom Americas has failed to comply not only with prior commitments it made in order to retain access to the U.S. market but also with federal and state cybersecurity and privacy laws. The Executive Branch agencies further contend that China Telecom Americas' operations "provide opportunities for increased Chinese state-sponsored cyber activities, including economic espionage and the disruption and misrouting of U.S. communications traffic."

China Telecom Americas is ultimately owned and controlled by the government of the People's Republic of China, which is of course dominated by the Chinese Communist Party. And in January 2018, China Telecom Americas' parent company amended its Articles of Association to give the Chinese Communist Party greater control over its management and operations. These changes, combined with recently enacted Chinese laws, "raise significant concerns that [China Telecom Americas] will be forced to comply with Chinese government requests, including requests for communications intercepts, without the ability to challenge such requests," according to the Executive Branch agencies.

Moreover, China Telecom Americas' international section 214 authority is conditioned upon it abiding by the commitments it made in a 2007 letter of assurances to the Department of Justice, the Federal Bureau of Investigation, and the Department of Homeland Security. But there are troubling indications that China Telecom Americas has not done so. For example, China Telecom Americas purportedly made inaccurate statements to U.S. authorities about where it stored U.S. records. And it failed to notify Executive Branch agencies when it filed applications with the FCC for International Signaling Point Code assignments—a requirement of its mitigation agreement with the Executive Branch. China Telecom Americas has also allegedly failed to respond promptly to requests for information made by the federal government.

Taken together, these allegations raise serious doubts about whether China Telecom Americas should be allowed to continue operating in the United States. And to date, the company has not provided the FCC with a satisfactory response to the concerns raised by the Executive Branch agencies. We are therefore compelled to act to protect the integrity of our telecommunications networks and our national security. Specifically, we institute proceedings to revoke and terminate China Telecom Americas' authority to operate in the United States while ensuring that the company is afforded a full and fair opportunity to explain itself. This decision, along with many others we have made since 2017, demonstrates that this FCC is determined to protect the security of America's communications networks.

I want to thank the FCC staff who have worked on this important item: From the International Bureau: Denise Coca, Kate Collins, Francis Gutierrez, Jocelyn Jeziorny, Gabrielle Kim, Tom Sullivan, and Troy Tanner; from the Wireline Competition Bureau: Pamela Arluk, Dennis Johnson, Jodie May, Kris Monteith, Ramesh Nagarajan, and Terri Natoli; from the Enforcement Bureau: Michael Engel, Jeffrey Gee, Rosemary Harold, and Pamela Kane; from the Office of Economics and Analytics: Robert Cannon, Wayne Leighton, Giulia McHenry, Virginia Metallo, and Emily Talaga; from the Public Safety and Homeland Security Bureau: Kenneth Carlberg, Jeffery Goldthorp, and Debra Jordan; and from the

Office of General Counsel: Michael Carlson, Tom Johnson, Doug Klein, David Konczal, Joel Rabinovitz, Bill Richardson, and Royce Sherlock.