

**STATEMENT OF
COMMISSIONER GEOFFREY STARKS**

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

Network security is national security, and as the communications landscape evolves with new technologies and new business models, the Commission must keep up in order to stay vigilant to threats to our networks. Today, we address one such threat – the presence of adversary state-owned or controlled carriers in American networks.

This item begins the process of revoking the authority of the US affiliate of China's largest carrier, China Telecom, to operate in the United States. Last year, this Commission rejected an application from the US affiliate of China Mobile, the largest mobile provider in the world, to operate in the United States. We found that China Mobile USA was ultimately owned and controlled by the Chinese government and therefore vulnerable to its exploitation and control, posing a significant risk to both our national security and law enforcement interests.

China Telecom Americas is even more closely aligned with the Chinese government and presents an even graver security risk. The company's Chinese parent company is majority-owned and controlled by a Chinese government-owned enterprise. Further, the parent company is directly accountable to the Chinese Communist Party and must consult its representatives prior to making any decisions on material issues. In addition, like China Mobile USA, China Telecom Americas is subject to the Chinese government's legal requirement that all Chinese companies must disclose sensitive customer information upon demand.

The issues aren't just structural – they're behavioral. National security agencies say that China Telecom Americas has misrouted large amounts of communications from the United States for many years, including at least 10 incidents, sometimes involving US government traffic. Moreover, when the company sought authority to operate in the United States, it made certain commitments to our national security agencies. I believe the evidence demonstrating that China Telecom Americas, however, has repeatedly violated those commitments. For example, China Telecom Americas has failed to respond in an accurate and timely manner to Team Telecom requests for information and made inaccurate statements about its cybersecurity practices and its handling of U.S. customer records. According to the national security agencies, there are no mitigation measures that would make them comfortable with China Telecom Americas' continued operation in the United States. I agree and look forward to reviewing proposed actions regarding similarly situated carriers in the future.

But the Commission has other national security issues before it. These issues are handled by many other parts of the agency. For example, earlier today, we approved an order from the Wireline Competition Bureau in our supply chain proceeding to address the problem of equipment from untrustworthy vendors in our wireless networks. I've discussed my thoughts on that action separately.

Adversary states are also trying to exploit our broadcast communications. Over the past two years, news outlets have reported on Russian propaganda airing on radio stations in California, my hometown of Kansas City, and even here in Washington, D.C. Earlier this year, the Commission adopted an order from the Media Bureau proposing disclosure requirements for foreign government-provided programming on American stations. We need to finalize those requirements quickly.

Finally, US communications traffic doesn't stop at the border. Undersea cables carry 99% of the world's data traffic. The FCC's International Bureau acts on applications for licenses to own and operate submarine cables and associated landing stations in the United States. As I've stated before, we need to focus on who owns, builds, and operates these cables or we risk permitting adversary states and criminals

to tamper with, block, or illegally access our communications networks. In particular, China has focused on controlling, building, and owning these cables. Indeed, some of the cables connecting the United States and China right now are owned in part by China Telecom, the ultimate parent of the very company that is the subject of this proceeding.

These are only a few of the national security proceedings before the FCC, each of which is handled by a different part of the agency. The different parts of the FCC must coordinate their work on those issues so we have strong and consistent policies across the board. Given their importance, I've called for creating an inter-bureau National Security Task Force that would establish a uniform process for reviewing national security issues. Without it, we risk inconsistent treatment of these issues between different bureaus.

I also believe that the FCC should work with the national security and law enforcement agencies to detail staff between our agencies. The Commission's growing national security role requires us to increase our in-house expertise so we can act with confidence in proceedings like this one and work more effectively with our sister agencies. Our world is becoming ever more interconnected – we must ensure that the whole of the FCC is more coordinated, skillful, and collaborative on these critical issues.

Thank you to the International Bureau for their work on this item.