

**STATEMENT OF
COMMISSIONER JESSICA ROSENWORCEL**

Re: *Process Reform for Executive Branch Review of Certain FCC Applications and Petitions Involving Foreign Ownership*, IB Docket No. 16-155.

For more than two decades, a collection of Executive Branch authorities, informally known as Team Telecom, has been responsible for national security decisions concerning telecommunications assets. In practice, this meant if a transaction was proposed that featured foreign interests, it was Team Telecom that called the shots. Likewise, if there were ownership questions about foreign facilities, Team Telecom would take the lead in any government review.

So here is a bit of radical candor. I worked for the former Chairman of the Senate Intelligence Committee and recall finding this arrangement really opaque. I now serve as a Commissioner at the Federal Communications Commission and I still find this process less than fully transparent. For years it has had no statutory basis and no governing rules.

But this is changing. In April an Executive Order was released entitled Establishing the Committee for the Assessment of Foreign Participation in the United States Telecommunications Service Sector. It formalizes Team Telecom and seeks to make clear what for too long has been murky about the national security review process. This is long overdue. And today the FCC takes its own steps to update our rules consistent with this Executive Order. I believe these changes, which include strict timeframes and increased clarity about just which applications will be referred to this committee, will improve national security review. They also add much-needed transparency to the process. These changes recognize that the integrity of the United States telecommunications networks is vital to our national security process. This is good because national security and network security go hand in hand.

But we make a mistake if we stop here. In June the Senate Permanent Subcommittee on Investigations, which is part of the Committee on Homeland Security and Governmental Affairs, released a report reviewing the extent of foreign telecommunications companies operating in the United States. It memorializes past deficiencies with the Team Telecom and FCC review process. While some of these problems are remedied going forward by the Executive Order and our action here, there is more we can do. In particular, the report criticized Team Telecom and the FCC because for nearly twenty years neither has monitored foreign-owned carriers after they were authorized to provide service to the United States.

This is not acceptable. National security risks are constantly evolving. It is not enough to formalize a process for reviewing new foreign ownership at a single point in time. The FCC must continue to monitor and engage with carriers once they are authorized to operate in the United States. To this end, I am pleased that we have begun reviews of four companies that are ultimately subject to the ownership and control of a foreign government: China Telecom Americas, China Unicom Americas, Pacific Networks, and ComNet. We should complete these national security reviews as soon as possible.

Then we should establish a clear standard and process for revoking a foreign carrier's existing authorizations on national security grounds. Right now we don't have one and that means our hands are unnecessarily tied when it comes to national security. We also should require periodic review and renewal of foreign carrier's FCC authorizations. While the recent Executive Order allows Executive Branch agencies to review existing authorizations, it doesn't require it and it envisions no role for the FCC. We should take initiative and change that so that the agency can continually account for evolving risks.

I hope we can pursue these additional reforms soon. Because our efforts today represent progress but it is clear we have more work to do.