

**STATEMENT OF
CHAIRWOMAN JESSICA ROSENWORCEL**

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

The Federal Communications Commission has a long history of working to open American markets to foreign telecommunications companies when doing so is in the public interest. These connections can make us stronger because they help share our democratic values with the rest of the world. But we also recognize not every connection is consistent with the national security interest of the United States. That's because some countries may seek to exploit our openness to advance their own national interests. When we recognize this is the case and cannot mitigate the risk, we need to take action to protect the communications infrastructure that is so critical to our national security and economic prosperity.

That is what we do here today. We take an important and necessary step to protect that infrastructure by revoking and terminating China Telecom Americas' authority to provide interstate and international telecommunications services in the United States.

This is not a decision we make lightly. It has support from each of my colleagues. It has support across the federal government. In fact, last year a broad group of Executive Branch agencies, including the Department of Justice, Department of Defense, Department of State, Department of Commerce, and the United States Trade Representative formally recommended that we terminate FCC authorization for China Telecom Americas to provide interstate and international telecommunications services in the United States. At about the same time, the Senate Permanent Subcommittee on Investigations issued a report on the threats that Chinese state-owned carriers pose to our telecommunications networks. In doing so, they highlighted a problem—that across the federal government there has not been enough oversight to safeguard our networks against evolving threats after issuance of a license.

That brings us to here and now. Since the Subcommittee on Investigations released its findings, the FCC has increased its oversight of telecommunications networks. That is why—following both regulatory and judicial review—we have reached the conclusion that it is necessary to terminate domestic and international Section 214 authority for China Telecom Americas. Our record makes clear that China Telecom Americas operates as a subsidiary of a Chinese state-owned enterprise and as such the Chinese government has the ability to influence and control its actions. That could lead to real problems with our telecommunications networks through surveilling information, misrouting traffic, or disrupting service. Moreover, the record reflects that China Telecom Americas has not been forthright in its representations to the FCC and other agencies. As a result, mitigation measures are not adequate to address our concerns and revocation of existing authorizations is justified.

This, however, is not the end of the story. Because our response to this provider, this one time, is not enough. As the Subcommittee on Investigations pointed out in its report, we need to work with our federal partners to ensure sufficient safeguards and oversight mechanisms are in place.

First, now that we have completed our review of China Telecom Americas, we are moving expeditiously to complete our security reviews for similarly situated carriers like China Unicom Americas, Pacific Networks, and ComNet.

Second, with this decision, we have established a clear precedent for revoking a foreign carrier's existing authorizations when there are national security concerns. Before today, that didn't exist. Now

companies will understand the circumstances under which authorizations could be revoked and what due process is available to challenge potential revocations.

Third, consistent with the recommendations of the Subcommittee on Investigations, the FCC is coordinating with Executive Branch agencies on implementing periodic review of foreign carriers' authorizations to provide service in the United States. This will help ensure that we can stay on top of evolving national security, law enforcement, policy, and trade risks.

Fourth, the FCC is taking a closer look at applications for submarine cables to make sure they do not raise national security concerns. For too long, it was the practice of this agency to unilaterally grant applicants special temporary authority to start building submarine cables while their applications were pending, even if those applications reflected ownership by state-owned companies that could represent a national security risk. That's no longer the case. Requests for special temporary authority to start construction can raise national security concerns too, and the FCC now sends such requests to the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector for coordinated security review.

Thank you to the agency staff who worked on all of these efforts, but especially those who worked on this decision today, including Denise Coca, Kate Collins, Kim Cook, Francis Gutierrez, Jocelyn Jezierny, Gabrielle Kim, David Krech, Wayne Leighton, Adrienne McNeil, Tom Sullivan, and Troy Tanner from the International Bureau; Pamela Arluk, Michele Berlove, Melissa Droller Kirkel, Jodie May, Rodney McDonald, Kris Monteith, and Terri Natoli from the Wireline Competition Bureau; Jeffrey Gee, Rosemary Harold, Pamela Kane, and Christopher Killion from the Enforcement Bureau; Patrick Brogan, Robert Cannon, Matthew J. Collins, Cher Li, Kate Matraves, Giulia McHenry, Virginia Metallo, Donald Stockdale, and Emily Talaga from the Office of Economics and Analytics; Padma Krishnaswamy from the Office of Engineering and Technology; Kenneth Carlberg, Steven Carpenter, Lisa Fowlkes, Jeffery Goldthorp, Kurian Jacob, Debra Jordan, Lauren Kravetz, Nicole McGinnis, Saswat Misra, Zenji Nakazawa, Erika Olsen, and Austin Randazzo from the Public Safety and Homeland Security Bureau; Eduard Bartholme from the Consumer and Governmental Affairs Bureau; and, finally, Michele Ellison, Doug Klein, David Konczal, Jacob Lewis, Scott Noveck, Joel Rabinovitz, and Bill Richardson from the Office of General Counsel.