

FCC Revokes Chinese Telecom's US Authorizations

In recent years, the Federal Communications Commission (FCC) has worked closely with the U.S. Department of Justice (DOJ) and other executive branch national security agencies to restrict China's influence on U.S. telecommunications. In May 2020, [we analyzed](#) the FCC's decision to issue then-unprecedented Orders to Show Cause to four government-controlled Chinese telecoms (China Telecom Americas, China Unicom Americas, Pacific Networks, and ComNet), which required them to explain why their domestic and international section 214 authorizations should not be revoked due to countervailing national security concerns. Now, in a unanimous decision, the FCC has adopted an order to [revoke China Unicom Americas' section 214 authorizations](#) (the 2022 China Unicom Americas Order). This marks the second such revocation, following the [FCC's decision](#) to revoke China Telecom Americas' authorizations in October 2021. The license revocation also demonstrates that the severe actions against Chinese telecoms with apparent affiliations with the Chinese government and military that began in the last administration will continue forward unabated by the Biden administration.

China Unicom Americas Decision Signals Further Actions Against Chinese Telecoms

In its [March 2021 order](#) instituting revocation proceedings against China Unicom Americas, the FCC relied heavily on the expertise of national security agencies, which argued that China Unicom Americas is subject to exploitation, influence, and control by the Chinese government. The FCC's 2022 China Unicom Americas Order confirmed these findings and noted that "the national security environment and China's role as a threat have evolved" since China Unicom Americas initially obtained its section 214 authorizations in 2002. Specifically, the FCC found that China Unicom Americas' operations "provide opportunities for [Chinese] government-sponsored actors to engage in espionage, theft of trade secrets and other confidential business information, and to collect, disrupt, or misroute U.S. communications." The key word here is "opportunities," as the FCC rejected the argument that an entity must first actually commit some bad act before its authorizations may be revoked—the mere opportunity for a foreign power to collect, disrupt, or misroute communication is sufficient. While it is not yet clear how this principle may apply outside of the context of Chinese state-controlled entities, the FCC's statements do indicate an appetite for broader policing of telecoms that may pose national security concerns.

In a [statement](#) released with the 2022 China Unicom Americas Order, FCC Chairwoman Jessica Rosenworcel affirmed that the threat posed by Chinese state-owned carriers is real and immediate. Chairwoman Rosenworcel also stressed that China Unicom Americas' responses to the FCC's national security and law enforcement concerns were "incomplete, misleading, or incorrect." Therefore, the FCC found the company's continued provision of section 214 services to no longer serve the public interest. Notably, Chairwoman Rosenworcel's remarks highlighted the two other "similar revocation proceedings" that are in the pipeline against Pacific Networks and ComNet, respectively. Due to the analogous facts underlying the four revocation proceedings, the FCC's estimation of the continued threat posed by Chinese state-backed telecoms, and the results of the FCC's first two revocation proceedings, it is very plausible that revocations against Pacific Networks and ComNet are only a matter of time.

Simmering US-China Tensions Further FCC's Expanded National Security Role

The FCC's recent revocation proceedings against China Telecom Americas, China Unicom Americas, Pacific Networks, and ComNet are emblematic of the agency's expanded national security role. In our [prior update](#), we commented on the FCC's novel decision to [deny](#) China Mobile's domestic and international section 214 applications in May 2019 on national security grounds. In June 2020, the FCC [officially designated](#) two Chinese telecom manufacturing companies with strong ties to the Chinese government as national security threats. Shortly thereafter, then-President Trump released an [executive order](#) (which President Biden subsequently [superseded and expanded](#) with his own executive order) prohibiting Americans from investing in dozens of Chinese companies, including telecom giants Huawei, China Mobile, China Telecommunications, and China United Network Communications.

"More to Come"

This integration of national security and telecommunications at the FCC appears here to stay as tensions between the United States and China show little sign of abating. Chairwoman Rosenworcel doubled down on the FCC's commitment to national security in her concluding remarks on the China Unicom Americas decision: "Last year, I established the National Security Policy Committee, a dedicated, cross-bureau team of experts advancing a comprehensive approach to security matters at the FCC. The work they've done in the last year is thoughtful and impressive—and there's more to come."

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