



**For Immediate Release:**  
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**Chinese Telecommunications Investigation Open Hearing**  
**Opening Statement**  
**Ranking Member C.A. Dutch Ruppertsberger**  
**September 13, 2012**

Thank you Chairman Rogers. I would like to welcome our witnesses Mr. Charles Ding from Huawei and Mr. Zhu Jinyun from ZTE. Thank you for coming today.

About a year ago, the Intelligence Committee launched an investigation into the threat posed by Chinese-owned telecommunications companies working in the United States. We launched this investigation to determine whether allowing Chinese companies increased access to our U.S. telecommunications market places us at risk for greater foreign espionage, theft of U.S. trade secrets and increased vulnerabilities to our critical infrastructure.

The fact that both companies, Huawei and ZTE, were created and headquartered in China, a country known to aggressively conduct cyber espionage, raises issues. And add to that... the fear that China, a communist country, could compel these companies to provide it information or worse yet spy on Americans using this equipment.

We are concerned about allegations that products from Huawei and ZTE are being subsidized by the Chinese government, so these companies can offer bargain basement prices to unsuspecting consumers. These consumers may have no idea about the national security implications of their purchase. We are looking at all of these issues in our investigation.

In May, I joined a Congressional delegation including Congressman Schiff, Congresswoman Bachmann, and Congressman Nunes on a trip to China where we met with the Chairman of the Board of Huawei and officials from ZTE. We felt it was important to travel overseas to meet with these officials face-to-face and get the facts we need for our investigation. We appreciate the companies meeting with us.

Chairman Rogers and I also sent very detailed letters to Huawei and ZTE requesting a lot of important information, necessary to conduct our investigation. We were disappointed with the lack of direct answers to our in-person questions and vague responses to our letter. We are here today to give them another opportunity to thoroughly and accurately answer our questions.

We already know the Chinese are aggressively:

- Hacking into our nation's networks,
- Threatening our critical infrastructure and
- Stealing secrets worth millions of dollars in intellectual property from American companies.

In fact, the United States Cyber Command estimates \$300 billion worth of trade secrets are stolen every year. This jeopardizes our national security and hurts U.S. competitiveness in the world market, costing our country countless jobs and money. As you can see, this is not “political jousting” or “trade protectionism masquerading as national security,” we are doing this for very valid reasons.

According to a report recently released by the National Counterintelligence Executive, 6 of the 7 cases prosecuted in 2010 under the Economic Espionage Act involved a link to China. No matter how you do the math, the economic damage from the theft of intellectual property is unacceptable. In addition, the possibility that under current Chinese law even privately owned companies can be compelled to provide information to the Chinese government is even more concerning.

On this issue, other nations have already taken action. Australia recently excluded Huawei from competing on certain contracts dealing with their National Broadband Network. The United Kingdom has implemented costly security procedures for their Huawei equipment. In addition, the European Union is considering additional investigations into Chinese telecommunications companies and considering possible restrictions.

In my role as a leader of the Intelligence Committee, I believe we also have an obligation to protect the national security framework of the United States. That is why we are holding this hearing today and conducting this investigation.

I thank our witnesses from Huawei and ZTE for coming here today and I hope they will answer our questions directly. We look forward to a thoughtful and cooperative dialogue so we can get a better understanding of how these companies operate.

Thank you. Mr. Chairman, I yield back.

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