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November 19, 2024

The Honorable Jessica Rosenworcel Chairwoman Federal Communications Commission 45 L Street NE Washington, DC 20554

Dear Chairwoman Rosenworcel:

Thank you for your ongoing leadership in the effort to combat the national security threat posed by communications equipment, including video surveillance equipment, produced by problematic entities in the People's Republic of China (PRC). As you know, the FCC's work to restrict certain PRC communications and surveillance equipment is critical to protecting our national security, and constant vigilance is needed to ensure PRC entities do not develop workarounds to our restrictions.

One of the entities identified by the FCC as posing a national security risk is Zhejiang Dahua Technology (Dahua), a leading video surveillance equipment manufacturer based in the People's Republic of China. Not only have Congress and the FCC correctly identified significant national security concerns associated with Dahua cameras, but Dahua has been implicated in significant human rights abuses in Xinjiang. In fact, Dahua appears on the Department of Commerce's Entity List because of its role in the CCP's ongoing genocide in Xinjiang. It also appears on the Department of Defense's list of "Chinese military companies." Most pertinent, Section 889 of the 2019 National Defense Authorization Act prohibits United States Government agencies from procuring from certain PRC companies, including Dahua. More recently, the FCC implemented rules to prohibit Dahua cameras from being sold in the United States "for the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes."

Accordingly, we are writing with concern about reports that Dahua may have recently entered into a transaction with the express purpose of seeking to evade such restrictions. Earlier this year, Dahua Technology USA was sold to Luminys Systems. Luminys is reported to be a unit of Foxlink, a Taiwanese company. In a press release announcing the transaction, Luminys

¹ https://www.fcc.gov/laboratory-division/equipment-authorization-approval-guide/equipment-authorization-system

stated that it "marks a significant milestone in our journey to deliver cutting-edge solutions and enhanced customer support." Apparently, the transaction will "allow[] us to expand our distribution channel with an American-owned brand, introducing a wide variety of products to serve dealers and users in the North American market."

However, publicly available information about the deal suggests Dahua's firmware and software will still be developed in, and therefore controlled by, the PRC. Outside analysts have noted that they "expect Dahua to use Foxlink . . . [to] claim that they no longer manufacture or produce these products. And the argument will then become, if they no longer produce those products, that US government regulations such as the FCC new device authorization or NDAA government bans can no longer be applied." However, "a critical element unspoken by Dahua is who develops the firmware and software . . . [because] no short-term feasible way exists for Foxlink or others to completely or even primarily develop new firmware and software." 5

In light of these concerns, we respectfully request that the FCC examine this transaction and brief Select Committee staff regarding the possibility that it may be an effort to circumvent statutory restrictions on Dahua cameras in the U.S., without addressing the underlying national security risks such restrictions seek to remedy.

Thank you for your attention to this matter, and your work on behalf of the American people.

Sincerely,

John Moolenaar Chairman

John Moderson

House Select Committee on the CCP

Raja Krishnamoorthi Ranking Member

House Select Committee on the CCP

² Luminys Press Release.

³ Id.

⁴ https://ipvm.com/reports/dahua-selling-us

⁵ ld.