

Congress of the United States
House of Representatives
Washington, DC 20515-0552

February 28, 2018

Secretary Mnuchin
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Secretary Mnuchin,

I write to express my concern over attempts by the Chinese company Broadcom Limited (Broadcom) to acquire Qualcomm Incorporated (Qualcomm). Given the integral role that Qualcomm plays in the United States' networking infrastructure, potential acquisition by a Chinese company may present significant national security concerns and implications. Even a takeover of Qualcomm's Board of Directors is cause for significant concern. With a Board of Directors election scheduled for March 6th, time is of the essence. For that reason, I request that you expeditiously provide a classified report to Congress via the U.S. Senate Select Committee on Intelligence and the House Permanent Select Committee on Intelligence (HPSCI) assessing the national security implications of this potential acquisition and, should this acquisition occur, that you initiate a review of such a transaction by the Committee on Foreign Investment in the United States (CFIUS).

As you know, CFIUS is tasked with reviewing mergers and acquisitions of U.S. companies by foreign controlled entities under the authority of the Defense Production Act of 1950.¹ The Act requires that potential effects on "critical infrastructure" and "critical technologies" be considered when reviewing transactions and authorizes the Executive Branch to block transactions for national security reasons. Of particular concern to our national security is Qualcomm's global leadership in the development of 5G networks. 5G networks will allow for revolutionary inter-connectedness of devices in nearly every economic sector, tying our education system, vehicles, homes, and personal devices to the internet. This networking capability represents both a critical infrastructure and a critical technology, and as such, a review is warranted, should the acquisition bid be successful. Allowing the Chinese to leapfrog the United States in the development of this critical technology through the acquisition of Qualcomm would have serious national security implications for the United States. Penetration of Qualcomm's Board of Directors by Chinese nationals or allies poses a similar threat and should be subject to review regardless of whether Broadcom's takeover bid is successful.

¹ <https://www.treasury.gov/resource-center/international/foreign-investment/Documents/Section-721-Amend.pdf>

Congress has previously noted the threat that Chinese telecommunications companies pose to our national security. The 2012 HPSCI report titled “Investigative Report on the U.S. National Security Issues posed by Chinese Telecommunications Companies Huawei and ZTE,” warned that “the United States should view with suspicion the continued penetration of the U.S. telecommunications market by Chinese telecommunications companies.”² According to the report, this suspicion is warranted because of the “potential security threat[s] posed by Chinese telecommunications companies’ potential ties to the Chinese government or military.”³ In that case, the principal concern was the ability of Chinese companies to activate the cameras and microphones in smartphones and televisions without the users’ knowledge and the possibility that any information gathered could be shared with the Chinese government. With respect to Qualcomm, the company’s continued development of innovative technologies such as 5G wireless connectivity, Gigabit LTE, automated vehicles, and artificial intelligence—technologies that will underpin nearly every internet-connected device in the United States—makes it a target for foreign intelligence agencies.

I appreciate your prompt attention to this matter and look forward to your response.

Sincerely,



Scott H. Peters
Member of Congress

Cc:

The Honorable Devin Nunes, Chairman, House Permanent Select Committee on Intelligence

The Honorable Adam Schiff, Ranking Member, House Permanent Select Committee on Intelligence

The Honorable Richard Burr, Chairman, U.S. Senate Select Committee on Intelligence

The Honorable Mark Warner, Vice Chairman, U.S. Senate Select Committee on Intelligence

The Honorable Dianne Feinstein

The Honorable Kamala Harris

² [https://intelligence.house.gov/sites/intelligence.house.gov/files/documents/huawei-zte%20investigative%20report%20\(final\).pdf](https://intelligence.house.gov/sites/intelligence.house.gov/files/documents/huawei-zte%20investigative%20report%20(final).pdf)

³ [https://intelligence.house.gov/sites/intelligence.house.gov/files/documents/huawei-zte%20investigative%20report%20\(final\).pdf](https://intelligence.house.gov/sites/intelligence.house.gov/files/documents/huawei-zte%20investigative%20report%20(final).pdf)