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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To impose sanctions with respect to foreign telecommunications companies engaged in economic or industrial espionage against United States persons, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. HOULAHAN introduced the following bill; which was referred to the Committee on _____

A BILL

To impose sanctions with respect to foreign telecommunications companies engaged in economic or industrial espionage against United States persons, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Neutralizing Emerging
5 Threats from Wireless OEMs Receiving direction from
6 Kleptocracies and Surveillance states Act” or the “NET-
7 WORKS Act”.

1 **SEC. 2. SENSE OF CONGRESS.**

2 It is the sense of Congress that—

3 (1) secure telecommunications networks, both
4 domestically and within partner and allied nations,
5 are important to the national security of the United
6 States;

7 (2) the risks posed by untrusted telecommuni-
8 cations vendors, particularly those based in the Peo-
9 ple’s Republic of China, to communications, data se-
10 curity, and the viability of networks outweigh any
11 potential benefits; and

12 (3) the United States Government should use
13 the tools of economic statecraft to promote secure
14 telecommunications networks.

15 **SEC. 3. IMPOSITION OF SANCTIONS WITH RESPECT TO ECO-**
16 **NOMIC OR INDUSTRIAL ESPIONAGE BY FOR-**
17 **EIGN TELECOMMUNICATIONS COMPANIES.**

18 (a) IN GENERAL.—On and after the date that is 90
19 days after the date of the enactment of this Act, the Presi-
20 dent shall exercise all of the powers granted to the Presi-
21 dent under the International Emergency Economic Powers
22 Act (50 U.S.C. 1701 et seq.) to the extent necessary to
23 block and prohibit all significant transactions in property
24 and interests in property of a foreign person described in
25 subsection (b) if such property and interests in property
26 are in the United States, come within the United States,

1 or are or come within the possession or control of a United
2 States person.

3 (b) FOREIGN PERSONS DESCRIBED.—A foreign per-
4 son is described in this subsection if the President deter-
5 mines that the person, on or after the date of the enact-
6 ment of this Act—

7 (1) produces fifth or future generation tele-
8 communications technology; and

9 (2) conducts business relating to such tele-
10 communications technology in a manner contrary to
11 the United States' national security interests.

12 (c) EXCEPTIONS.—

13 (1) EXCEPTION FOR INTELLIGENCE ACTIVI-
14 TIES.—Sanctions under this section shall not apply
15 to any activity subject to the reporting requirements
16 under title V of the National Security Act of 1947
17 (50 U.S.C. 3091 et seq.) or any authorized intel-
18 ligence activities of the United States.

19 (2) EXCEPTION RELATING TO THE PROVISION
20 OF HUMANITARIAN ASSISTANCE.—Sanctions under
21 this section may not be imposed with respect to
22 transactions or the facilitation of transactions for—

23 (A) the sale of agricultural commodities,
24 food, medicine, or medical devices;

1 (B) the provision of humanitarian assist-
2 ance;

3 (C) financial transactions relating to hu-
4 manitarian assistance; or

5 (D) transporting goods or services that are
6 necessary to carry out operations relating to
7 humanitarian assistance.

8 (d) WAIVER.—The President may waive the applica-
9 tion of sanctions under this section with respect to a for-
10 eign person for renewable periods of not more than 90
11 days each if the President determines and reports to Con-
12 gress that such a waiver is vital to the national security
13 interests of the United States.

14 (e) IMPLEMENTATION; PENALTIES.—

15 (1) IMPLEMENTATION.—The President may ex-
16 ercise the authorities provided to the President
17 under sections 203 and 205 of the International
18 Emergency Economic Powers Act (50 U.S.C. 1702
19 and 1704) to the extent necessary to carry out this
20 section.

21 (2) PENALTIES.—A person that violates, at-
22 tempts to violate, conspires to violate, or causes a
23 violation of subsection (a) or any regulation, license,
24 or order issued to carry out that subsection shall be
25 subject to the penalties set forth in subsections (b)

1 and (c) of section 206 of the International Emer-
2 gency Economic Powers Act (50 U.S.C. 1705) to the
3 same extent as a person that commits an unlawful
4 act described in subsection (a) of that section.

5 (f) DEFINITIONS.—

6 (1) IN GENERAL.—In this section:

7 (A) FIFTH OR FUTURE GENERATION
8 TELECOMMUNICATIONS TECHNOLOGY.—The
9 term “fifth or future generation telecommuni-
10 cations technology” means telecommunications
11 technology that conforms to the technical stand-
12 ards followed by the telecommunications indus-
13 try for telecommunications technology that is
14 commonly known in the industry as fifth gen-
15 eration or future generation technology.

16 (B) FOREIGN PERSON.—The term “foreign
17 person” means any person that is not a United
18 States person.

19 (C) KNOWINGLY.—The term “knowingly”,
20 with respect to conduct, a circumstance, or a
21 result, means that a person has actual knowl-
22 edge, or should have known, of the conduct, the
23 circumstance, or the result.

24 (D) PERSON.—The term “person” means
25 an individual or entity.

1 (E) UNITED STATES PERSON.—The term
2 “United States person” means—

3 (i) a United States citizen or an alien
4 lawfully admitted for permanent residence
5 to the United States; or

6 (ii) an entity organized under the laws
7 of the United States or any jurisdiction
8 within the United States, including a for-
9 eign branch of such an entity.

10 (F) UNTRUSTED TELECOMMUNICATIONS
11 VENDOR.—The term “untrusted telecommuni-
12 cations vendor” has the meaning given to the
13 term “covered communications equipment or
14 service” in section 9 of the Secure and Trusted
15 Communications Network Act of 2019 (47
16 U.S.C. 1608).

17 (2) DETERMINATION OF SIGNIFICANCE.—For
18 the purposes of this section, in determining if trans-
19 actions are significant, the President may consider
20 the totality of the facts and circumstances, including
21 factors similar to the factors set forth in section
22 561.404 of title 31, Code of Federal Regulations (or
23 any corresponding similar regulation or ruling).

1 (3) RULE OF CONSTRUCTION.—For purposes of
2 this section, a transaction shall not be construed to
3 include—

4 (A) participation in an international stand-
5 ards-setting body or the activities of such a
6 body; or

7 (B) a transaction involving existing third
8 or fourth generation telecommunications net-
9 works.