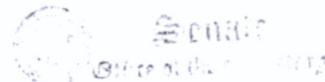


SENATE

P. S. RES. NO. 603



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Introduced by **SENATOR LEILA M. DE LIMA**

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RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ONGOING SELECTION OF A THIRD TELECOMMUNICATIONS OPERATOR WITH THE END IN VIEW OF ENSURING THAT OUR NATIONAL SECURITY WILL NOT BE COMPROMISED IN THE PROCESS

WHEREAS, the Sections 7, 24, and 28, Article II of the 1987 Constitution state:

Section 7. The State shall pursue an independent foreign policy. In its relations with other states, the paramount consideration shall be national sovereignty, territorial integrity, national interest, and the right to self-determination.

xxx xxx xxx

Section 24. The State recognizes the vital role of communication and information in nation-building.

xxx xxx xxx

Section 28. Subject to reasonable conditions prescribed by law, the State adopts and implements a policy of full public disclosure of all its transactions involving public interest.

WHEREAS, President Rodrigo Duterte wants a third telecommunications firm to be running within the first three months of 2018 in a bid to immediately improve service in the country¹;

WHEREAS, groups interested as a third player in the telecommunications industry would need around \$6 billion (P300 billion) to compete in the

¹ Billones, Trisha. Duterte wants third telco player 'up and about' by early 2018. *ABS-CBN News*. (19 December 2017). Retrieved from: <http://news.abs-cbn.com/business/12/19/17/duterte-wants-third-telco-player-up-and-about-by-early-2018>

telecommunications sector which is presently dominated by PLDT Inc. and Globe Telecom²;

WHEREAS, State-run China Telecom Corp. Ltd., KDDI Corp. of Japan, LG Uplus Corp. of South Korea, and an unidentified Taiwanese company are interested in setting up operations in the Philippines in partnership with local firms³;

WHEREAS, the President made no secret of his preference. Atty. Roque said the President “offered” China to become the third telecommunications operator in the Philippines during a meeting in Malacañang with Chinese Premier Li Keqiang on November 15, 2018⁴;

WHEREAS, a study conducted by local brokerage firm Papa Securities pointed out that the security risks China Telecom brings is its main obstacle for its expansion in the Philippines⁵;

WHEREAS, the study said: “[d]espite the government downplaying the security risk exposure arising from the entry of China Telecom in the Philippines, we believe the threat is real especially for US firms outsourcing in the Philippines should they switch service providers”⁶;

WHEREAS, it further revealed that “there has been 76 state-sponsored cyber-attacks linked with China since 2005, 75 of which are primarily espionage in nature while 44 of these state-sponsored attacks targeted towards the US during the period”⁷;

WHEREAS, House Minority Leader Danilo Suarez cited the decision of United States regulatory agencies to ban Chinese firms from participating in bidding as contractors for services, calling it a national security threat due to espionage⁸;

WHEREAS, the Philippines has experienced being on the receiving end of Chinese cyber-attacks. On July 12, 2016, as the court in The Hague announced its ruling rejecting China’s historic territorial claims in the case brought by the Philippines, Chinese hackers launched a series of crippling DDoS attacks against Filipino government networks⁹;

² Camus, Miguel. 3rd telco player needs P300B for 5-year capex (15 January 2018). Retrieved from:

<http://business.inquirer.net/244105/3rd-telco-player-needs-p300b-5-year-capex>

³ Philippines to prevent sellout by third telco operator to PLDT, Globe. *GMA News Online* (15 January 2018).

Retrieved from: <http://www.gmanetwork.com/news/money/companies/639692/philippines-to-prevent-sellout-by-third-telco-operator-to-pldt-globe/story/>

⁴ Billones, Trisha. Duterte wants third telco player 'up and about' by early 2018. *Ibid.*

⁵ Security issue jams China Telecom entry. *Philstar.com* (28 January 2018). Retrieved from:

<http://www.philstar.com/business/2018/01/28/1781981/security-issue-jams-china-telecom-entry>

⁶ *Ibid.*

⁷ *Ibid.*

⁸ Navallo, Mike. Gov't says has 'safeguards' if China tapped as third telco. *ABS-CBN News* (23 January 2018).

Retrieved from: <http://news.abs-cbn.com/business/01/23/18/govt-says-has-safeguards-if-china-tapped-as-third-telco>

⁹ Piiparinen, Anni. China's Secret Weapon in the South China Sea: Cyber Attacks. *The Diplomat* (22 July 2016).

Retrieved from: <https://thediplomat.com/2016/07/chinas-secret-weapon-in-the-south-china-sea-cyber-attacks/>

WHEREAS, the breach of these networks follows a string of Chinese cyber-attacks targeting Southeast Asian claimants to the disputed waters, coinciding with times of heightened geopolitical tensions. The first major cyber campaign against the Philippines in connection with the territorial dispute occurred in April 2012, following a tense standoff between Chinese and Filipino vessels at the Philippine-claimed Scarborough Shoal. A Chinese cyber unit breached government and military networks in the Philippines, stealing military documents and other highly sensitive communications related to the conflict¹⁰;

WHEREAS, U.S. observers believe that the Chinese government backs cyber-espionage. MIT Technology Review opined that “[t]here is little doubt that the Chinese government invests substantial energy in stealing everything from plans for U.S. fighter jets to the 22 million records kept by the Office of Personnel Management, or that it has done little to pursue commercial spies”¹¹;

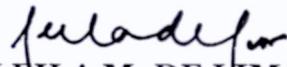
WHEREAS, any vulnerability brought about by the new telecommunications operator would affect the whole infrastructure. The Department of Information and Communications Technology (DICT) officer-in-charge Eliseo Rio Jr. said that the proposed third telco player must interconnect with existing networks of PLDT Inc. and Globe Telecom Inc¹²;

WHEREAS, there is a need for greater transparency in the selection process to ensure that all factors are considered, including the matter of national security especially since the President has all but instructed the DICT to pick the Chinese Telecom;

WHEREAS, there must be a thorough congressional scrutiny to ensure that the entry of the new telco player will not jeopardize the security of our information and telecommunications infrastructure;

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, for the proper Senate Committee, to conduct an inquiry, in aid of legislation, on the ongoing selection of a third telecommunications operator with the end in view of ensuring that our national security will not be compromised in the process.

Adopted,


LEILA M. DE LIMA

¹⁰ *Ibid.*

¹¹ Hvistendahl, Mara. The Decline in Chinese Cyberattacks: The Story Behind the Numbers. *MIT Technology Review* (25 October 2016). Retrieved from: <https://www.technologyreview.com/s/602705/the-decline-in-chinese-cyberattacks-the-story-behind-the-numbers/>

¹² Bajo, Anna Felicia. DICT says third telco needs to interconnect with Globe, Smart networks. *GMA News Online*. (23 January 2018). Retrieved from: <http://www.gmanetwork.com/news/money/companies/640773/dict-says-third-telco-needs-to-interconnect-with-globe-smart-networks/story/>