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Washington, DC 20515-6115

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DAVID V. MARVENTANO, STAFF DIRECTOR

August 29, 2001

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Dear Chairman Powell:

The United States has been at the forefront in bringing about a global telecommunications marketplace, working within the World Trade Organization (WTO) to open up markets and increase the business opportunities available to U.S. companies abroad. At the same time, foreign telecom companies have been aggressively penetrating the U.S. market -- which continues to be the envy of the world -- injecting a significant amount of foreign capital into the U.S. marketplace. I am confident that these actions will give birth to vibrant competition benefiting U.S. consumers by providing them with more choices among aspiring providers of services, superior service offerings, exciting product innovation, and competitive prices.

However, the United States must remain vigilant in its efforts to encourage foreign government-owned telecom companies to privatize in an expeditious manner. Full and meaningful privatization is the most effective way to ensure a fair and competitive marketplace. When a foreign government-owned telecom company is also the regulator in a country, there is a perception, real or not, that they will act in an anticompetitive manner to the detriment of the interests of the U.S. companies. Moreover, during a Subcommittee on Telecommunications, Trade and Consumer Protection hearing last year regarding foreign government ownership of American telecommunications companies, many Members expressed deep concern about the implications of foreign government involvement in the United States telecommunications marketplace.

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It is in this context that I respectfully urge the Federal Communications Commission ("the Commission") to vigorously review the request by SES Global S.A. to acquire control of licenses and authorizations held by GE American Communications, Inc. (GE Americom) and its subsidiary, Columbia Communications Corporation. Currently, GE Americom and Columbia hold numerous space station, earth station and microwave licenses and also enjoy Section 214 authority. SES was created by and continues to be partially owned by the Luxembourg government. The German government also has substantial involvement in SES through Deutsche Telekom which has the largest voting interest other than that of the Luxembourg government. The proposed transfer of control will occur as a result of a merger of a wholly-owned subsidiary of SES Global into GE Subsidiary, Inc. 22, which indirectly holds 100 percent of the stock of GE Americom. It is my understanding that subsequent to the transfer of control, GE Americom and Columbia will operate as wholly owned subsidiaries of SES Global.

The Commission appears to have determined that the proposed transfer of control of licenses in such cases will be considered as indirect foreign ownership of the licensee in excess of the 25 percent foreign ownership limit contained in Section 310(b)(4) of the Communications Act of 1934, as amended. However, I urge the Commission to re-examine any such determination in the context of this proposed merger and consider whether or not it is more appropriate to examine the merger pursuant to other subsections of Section 310. The extensive foreign-government ownership interests contained in this merger warrant a thorough examination. Indeed, the Luxembourg government owns a special class of shares that have supermajority veto power over major corporate actions, and regulates SES. Banque et Caisse d'Epargne de l'Etat (BCEE) and Société Nationale de Credit et d'Investissement (SNCI) are both institutions created by an act of the Luxembourg Parliament and owned by the State of Luxembourg and will collectively hold a 16.67 percent economic interest in SES Global, and a 33.33 percent voting interest. Moreover, Deutsche Telekom, A.G. is expected to be the largest holder of Class A shares of SES Global, owning an economic interest of 12.6 percent in merged entity as well as a voting interest of 10.1 percent. While Luxembourg and Germany are both WTO members, according to the Commission's testimony at our hearing last year, mere membership in the WTO will not bestow "a pass" on any foreign government in the Commission's merger process.

This proposed acquisition of GE Americom by SES raises a broad range of competitive issues, including in particular, issues in the satellite television marketplace. In its 2000 Annual Report, SES claims that it is currently the leading satellite distribution company in Europe and that it enjoys a 79 percent share of the European digital satellite television market. Moreover, GE Americom enjoys a major role in the distribution of television channels in the United States. It offers a wide variety of C-band and Ku-band satellite services, including providing capacity for the delivery of video and audio services to cable head-ends and home satellite dish users. Given the particular sensitivity of foreign government involvement in this nation's multi-channel video programming marketplace, I urge the Commission to be especially vigilant in its review of this merger. Moreover, I seek the Commission's assurance that it will not allow foreign governments and foreign government-owned companies that possess significant market power in their

own markets, in this case the European market, to distort the robustly competitive telecom and television marketplace that we have nurtured in the United States.

With best regards,

Sincerely,

A handwritten signature in black ink that reads "Billy Tauzin". The signature is written in a cursive, flowing style.

W.J. "Billy" Tauzin
Chairman
Committee on Energy and Commerce

Cc: Karis A. Hastings, Hogan & Harston
Phillip L. Spector, Paul, Weiss, Rifkind, Wharton & Garrison

BT/jw