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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
VoiceStream Wireless Corporation,	)	
Transferor, and Deutsche Telekom AG,	)	IB Docket No. 00-187
Transferee, Application for	)	
Consent to Transfer of Control	)	

Comments of Callahan Associates International LLC

Callahan Associates International LLC submits these comments in support of the application in the above-captioned proceeding involving Deutsche Telekom AG (DT) and VoiceStream Wireless Corporation (VoiceStream) seeking Federal Communications Commission approval to transfer control of certain licenses.

Callahan Associates International LLC (Callahan Associates) is a Denver, Colorado-based global communications development and operating company focusing on the information, communications and entertainment markets. It has pioneered in developing and operating cable telephony partnerships in Germany, Spain, and France. It is one of the leading cable communications operators in Europe with approximately fifteen million franchise homes. Its investor group is composed of several of America's leading investment companies. Callahan Associates is one of the most active communications companies in expanding the U.S. industry leadership presence into European markets.

As all other U.S companies investing and doing business abroad, Callahan Associates has benefited from the U.S. Government's leadership in promoting international trade and investment liberalization around the world. Existing law already provides sufficient safeguards to protect legitimate U.S. Government interest in the DT/VoiceStream proposed merger. To now use the FCC licensing process to impose additional conditions would clearly undercut both the US government's previous WTO commitments, as well as its ability to further open foreign markets to U.S. consumers, investors, and businesses.

With strong U.S. Government leadership, the 1997 WTO Agreement on Basic Telecommunications has been a key catalyst for the thriving global telecommunications market. The transition in foreign markets from monopoly to competition has been a tremendous benefit to consumers, with the price of international calls dropping dramatically. U.S. consumers have also benefited as U.S. telecom providers have attracted foreign investment capital, leading to lower telecom prices and numerous new innovative services in the United States. American business, but especially U.S. telecom firms, has been able to improve their international competitiveness dramatically as a result of new access to overseas markets, including the ability to invest in foreign telecom companies. In turn, this new investment has fueled U.S. job grown, both among telecom providers and equipment manufacturers.

Reversing this positive trend may well set off a wave of destructive retaliatory actions. If the United States is viewed as creating new investment barriers in the telecom sector, foreign countries may well use our protectionist precedent to establish new restriction on investments by U.S. telecommunications and other companies abroad.

By way of background on the openness of European telecommunications markets generally and the German market specifically, the recent experience of Callahan Associates is instructive and positive. At the end of 1998, DT distributed its broadband cable activities in Germany to a wholly-owned subsidiary called KDG (Kable Deutschland Gmbh) and announced its intention to divided KDG's business into nine regional companies.

In early 1999, KDG initiated a competitive tender process to solicit bids, including from non-German firms, for controlling interesting in each of these regional cable companies. In February, 2000, Callahan Associates' bid for the Nordrhein-Westfalen company was successful, in stiff competition against some of Germany's leading industrial companies and other foreign competitors. In May, 2000, Callahan Associates successfully bid for the second region, Baden-Wurttemberg, although this transaction has not yet closed. Callahan Associates has the option to purchase at least one other region, which would make it the largest cable operator in Europe, with ownership rights to more than 50 percent of the cable subscribers in Germany.

In both these major German regions, the privatized cable companies are owned 55 percent by a Callahan Associates-led consortium and 45 percent by DT. The current shareholding structure gives the Callahan Associates group the ability to control the operational and strategic direction of the companies, giving both DT and Callahan Associates the capability to maximize value creation.

DT has also granted Callahan Associates an option to acquire 50 percent of Media Services GmbH, which is its programming and customer services subsidiary, as well as an option to acquire all the customer relations and distribution systems in its two regions for DeTeKs, which is DT's professional service provider.

Based upon the extensive experience of Callahan Associates, American companies appear to be the preferred partners in Germany. During the lengthy bid and negotiations process in Germany, DT has been repeatedly and consistently open, transparent, and flexible, including generously extending deadlines, especially regarding financial commitments, in recognition of the complex state of capital markets in the U.S. and Europe.

This story of the recent European experiences of one major U.S. telecommunications company is instructive of the global environment in which our companies are competing. That environment is increasing open, competitive, transparent, and energetic. Adoption of a policy unduly burdening foreign competitors in the U.S. market would be an unsound invitation to retaliation, conflict, and discrimination against our industry, an industry that has been, to date, so successful in leading the world in communications, information, and technology.

Respectfully Submitted,

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Certificate of Service

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