



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON
November 28, 2000

The Honorable Peter A. DeFazio
U.S. House of Representatives
2134 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman DeFazio:

Thank you for your letter regarding the recent application filed with the Commission in which Deutsche Telekom (DT) and VoiceStream seek Commission approval for transfer of control to DT of licenses and authorizations presently held by VoiceStream. The Commission released a Public Notice seeking comment on the proposed transaction, which I am enclosing for your information.

While it would not be appropriate for me to prejudge this application, please be assured that I will carefully scrutinize this and any other transaction in which a foreign government-controlled telecommunications carrier seeks to acquire control of a U.S. carrier. Any such application would have to meet both the statutory and regulatory requirements established by Congress and the Commission. I share the view that the prospect of foreign government control of a U.S. carrier poses unique concerns. In our review, the Commission will determine whether the proposed acquisition poses a very high risk to competition in the United States, raises national security or law enforcement concerns, or is otherwise inconsistent with the Communications Act or the Commission's rules.

The Commission's thorough review of mergers and acquisitions under its public interest standard allows it to examine the unique competitive concerns that might be presented by DT's foreign government ownership and position within Germany's telecom market. If, as a result of its review, the Commission determines that the application raises competitive concerns, the Commission may either condition approval on the satisfaction of certain requirements designed to address those concerns or, if it determines that conditions would be ineffective, the Commission has the authority to deny the application.

In addition to the competition concerns addressed as part of the Commission's public interest analysis, the Commission has the authority to consider a range of other public interest factors in determining whether to allow entry into and investment in the U.S. market by foreign-owned firms. These additional public interest factors include national security and law enforcement concerns. On these issues, the Commission accords deference to the expertise of Executive Branch agencies such as the FBI and the Department of Defense.

I appreciate your interest and participation in this matter, and welcome the opportunity to work with you further to address any questions or concerns you might have related to our review of such transactions.

Sincerely,

A handwritten signature in cursive script that reads "William E. Kennard".

William E. Kennard
Chairman

Enclosure