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June 28, 2000

The Honorable William Kennard  
Chairman  
Federal Communications Commission  
1919 M Street, NW  
Washington, DC 20554

Dear Mr. Chairman:

When I called, I knew what your answer would be. Section 310 of the Communication Act of 1934 forbids a foreign government or any entity with 25% or more foreign government ownership or control from being granted a license by the FCC. I knew of the public interest waiver, but in the 66 years of the Act the FCC has never waived, in any significant fashion, the law for foreign government ownership. I knew, also, that the Global Telecommunication Agreement permitted the FCC to consider the public interest satisfied if the entity or government was a member of the WTO. However, this was permissive and not mandated. And other countries, members of the WTO -- Italy, Spain, and Hong Kong -- have prohibited foreign government ownership. I knew, also, that the Congress and the Commission have been all out for competition and that competition has cost domestic companies their profits and values, making our companies vulnerable to foreign takeover. And to my amazement, when I asked the FCC position on foreign government ownership you hedged. First, you said it "was complicated". You did mention the 310 statute, but then talked about the WTO requirement. I countered it was not a requirement and certainly not in the public interest. You continued telling me you wanted to come up to discuss it with me to learn my position. I kept telling you I was giving you my position by calling. I'm opposed to foreign government ownership. Yesterday, I introduced a bill tightening legal prohibitions against foreign government ownership. Thereupon, you said well, if US West was taken over by a foreign government the Western states would be in an uproar. I countered I was already in an uproar. Again, you wanted to come up and discuss to learn my position. I stated that no further discussion was necessary and I asked that when responding to any downtown lawyers inquiring to learn the position of the Commission, that you refer them to the law. You then said you weren't getting any calls, that your phone "wasn't ringing off

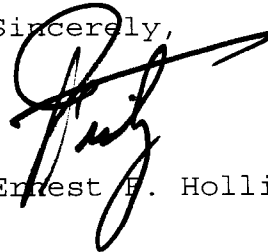
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the hook". I said I knew that the downtown lawyers were smart enough not to call directly, but to find out indirectly the position of the Commission. The call was then terminated without you stating your position, leaving me totally frustrated.

A treaty confirmed by a 2/3 vote in the Senate amends the law -- not an agreement. And the global telecommunications agreement was never submitted to Congress. I can't emphasize enough that the WTO provision isn't absolute, only permissive. I can't imagine you taking the extreme position of foreign government ownership and concluding this was in the public interest -- particularly after all the effort we have made with the 1996 Telecommunications Act to deregulate and afford competition. Now, to allow a foreign government, protected from competition, to pick up a domestic telecommunications company, bloodied by the competition, and control telecommunications in the United States is unthinkable.

With kindest regards, I am

Sincerely,



Ernest F. Hollings

EFH/ecp

cc: Commissioner Susan Ness  
Commissioner Gloria Tristani  
Commissioner Michael Powell  
Commissioner Harold Furchtgott-Roth