

United States Senate  
WASHINGTON, DC 20510

June 29, 2000

The Honorable William Kennard  
Chairman  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Dear Mr. Chairman:

Recently, a foreign government owned telecommunications monopoly announced that it planned to purchase a controlling interest in a major U.S. telecommunications firm. This is contrary to U.S. law and is inconsistent with our policy to promote competition and maintain a secure communications system for our national security.

We would not be alone among WTO member countries in adopting this point of view. Italy, Spain and Hong Kong have prohibited similar transactions when the acquiring company was owned by a foreign government. U.S. regulators should be similarly skeptical of such acquisitions in this country.

Congress and the FCC have made tremendous progress with the passage of the 1996 Telecommunications Act in deregulating and forcing competition in our domestic communications market. This has promoted investment and the fruits of this competition have been a dramatic reduction in cost and more choice for American consumers. This competition and the strict enforcement of our anti-trust laws have also rendered these same domestic companies vulnerable to takeover by foreign firms which are still owned substantially by their governments.

To allow a foreign government owned corporation to purchase a U.S. telecommunications company would be putting domestic competitors at the mercy of a foreign government. No country should allow this.

We are not opposed to foreign investment in U.S. communications firms. Rather, as the U.S. law provides, we oppose the transfer of licenses to companies who are more than 25 percent foreign government owned. For example, there was no objection to Vodaphone's purchase of Airtouch or France Telecom's holding a non-controlling (10 percent) interest in Sprint.

For these reasons, we would urge that you highly scrutinize any merger involving foreign government owned providers.

Sincerely,

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