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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

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

In the Matter of	)	
	)	
Amendment of the Commission's Regulatory Policies to Allow Non-U.S.-Licensed Space Stations to Provide Domestic and International Satellite Service in the United States	)	IB Docket No. 96-111
	)	
and	)	
	)	
Amendment of Section 25.131 of the Commission's Rules and Regulations to Eliminate the Licensing Requirement for Certain International Receive-Only Earth Stations	)	CC Docket No. 93-23 RM-7931
	)	
and	)	
	)	
COMMUNICATIONS SATELLITE CORPORATION Request for Waiver of Section 25.131(j)(1) of the Commission's Rules As It Applies to Services Provided via the Intelsat K Satellite	)	File No. ISP-92-007

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REPLY COMMENTS OF GE AMERICAN COMMUNICATIONS, INC.

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SUMMARY

GE Americom strongly supports the Commission's goals of ensuring a level competitive playing field in the U.S. satellite services market and encouraging other administrations to open up their markets. Both issues are critical to the U.S. satellite industry.

However, nothing in the comments here dissuades us from our view that in the short term these goals can be best pursued through the World Trade Organization negotiations on basic telecommunications. Those talks encompass a broad range of services, and thus may provide incentives for market liberalization even among countries that do not have satellite systems capable of serving the U.S. Furthermore, by deferring this proceeding, the Commission can avoid any suggestion that it has prejudged the outcome of the WTO talks. The Commission should request supplemental comment after the WTO negotiations have concluded so that it can take the results of the talks and any information gained during the discussions into account in formulating policies for the future.

Even if the talks do not produce an agreement, developments during the WTO process will be important in resolving implementation issues in the Commission's proposed ECO-Sat test. If the WTO negotiations fail, GE Americom generally would support the ECO-Sat framework. In particular, we agree that application of the test should be through the earth station licensing process, rather than by re-licensing foreign satellites. The Commission similarly should not require a showing that foreign-licensed systems comply with Part 25 requirements

regarding legal, financial and technical qualifications. The Commission should, however, review market entry policies in both the home and route markets to be served to determine whether there are *de jure* or *de facto* entry barriers. Furthermore, to ensure that receive-only earth stations operating with foreign satellites comply with Commission technical and policy requirements, the Commission should continue to license such stations.

The Commission should establish a separate proceeding to consider the terms under which IGOs should be permitted to provide additional services to the U.S. market. Deferral of these issues to another rulemaking is appropriate given the unique issues raised by market access for IGO entities, and the pending restructuring and privatization proposals. In the meantime, the Commission should retain its restrictions on COMSAT's ability to serve the domestic U.S. market, which are necessary to preserve fair competition.

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REPLY COMMENTS OF GE AMERICAN COMMUNICATIONS, INC.

GE American Communications, Inc. ("GE Americom") hereby replies to the comments of other parties in response to the Notice of Proposed Rule Making in the above-captioned proceeding, FCC 96-210 (released May 14, 1996) ("*Notice*").

INTRODUCTION

The comments here reflect a broad consensus in support of the Commission's pro-competitive goals in this proceeding. The Commission's twin objectives of encouraging the opening of markets abroad while promoting full and

fair competition in the U.S. market are critical to GE Americom and other U.S. satellite providers.

In our view, the main issue for the Commission is how those goals can best be pursued in the near term. For the reasons discussed below, GE Americom continues to believe that the focus now should be on the World Trade Organization ("WTO") negotiations on basic telecommunications. The Commission should seek further comment once the talks have concluded so that it can act on a more complete record.

If, however, the negotiations do not produce an agreement, GE Americom would generally support adoption of a policy framework based on the Commission's ECO-Sat proposal. Even then, the outcome of the WTO talks will be critical inputs to the Commission's analysis, and GE Americom reserves the right to supplement our comments on implementation issues once the talks are concluded.

The Commission should establish a separate proceeding to address market access issues involving intergovernmental organizations ("IGOs"). Deferral of these issues is appropriate given the unique characteristics of IGOs and the restructuring proposals being considered. Pending further action, the Commission should retain its restrictions on COMSAT's ability to provide domestic U.S. service.

I. COMMISSION ACTION IN THIS DOCKET SHOULD BE DEFERRED PENDING THE OUTCOME OF THE WTO TALKS

GE Americom continues to believe that action in this docket is premature until the results of the WTO negotiations on basic telecommunications are known. As we noted in our comments, if the WTO talks succeed, the

Commission will want to take the resulting agreement into account in developing ongoing policies regarding market access. GE Americom Comments at 8. However, even if the talks fail, information gained during the discussions will be valuable, and of course the failure of the negotiations will itself influence parties' views on appropriate Commission action. *Id.* Thus, awaiting the outcome of the talks will allow the Commission to go forward on a more informed basis.

Other parties agree that completion of the WTO process should precede any further Commission action here. AirTouch, for example, urges the Commission not to apply any new regulatory framework to Big LEOs until after completion of the WTO talks, because those talks could have a significant impact on the Commission's reciprocity analysis. AirTouch Comments at 8. Similarly, Motorola and Iridium argue that "nondiscriminatory market access would best be achieved through a successful [WTO] agreement by a critical mass of countries." Motorola/Iridium Comments at 1. Hughes notes that the Commission must coordinate its policies with U.S. trade obligations and will have to conform its rules to any agreement that is reached as a result of the basic telecommunications negotiations. Hughes Comments at 9.

In addition, a number of commenting parties echo GE Americom's observation that a reciprocity-based test for satellite services alone could have a limited impact. Specifically, GE Americom noted that many countries will have no incentive to liberalize their market access policies under a reciprocity test because they have no satellite systems capable of serving the U.S. market. GE Americom

Comments at 4. PanAmSat agrees, stating that the Commission's proposed ECO-Sat test will not be triggered with respect to "many countries that are closed to U.S.-licensed satellite systems but do not seek access to the U.S. domestic and international satellite market for their own satellite systems." PanAmSat Comments at 1. Lockheed Martin concurs that the ECO-Sat test in and of itself "will likely have limited beneficial effect on international competition in the provision of satellite services" because so few countries have a significant interest in the opening of U.S. markets. Lockheed Martin Comments at 3. *See also* Hughes Comments at 9 (FCC "has little leverage over most countries' satellite regulatory policies").

In contrast, the WTO talks are broader in scope, encompassing all basic telecommunications services. As a result, GE Americom believes that foreign administrations will have stronger incentives to agree to market liberalization in the context of those discussions. This factor also supports focusing on the WTO negotiations in the short term, and revisiting Commission policies once the outcome of the talks is known.

Furthermore, by deferring action pending conclusion of the WTO talks, the Commission can minimize the chance that its policies or intentions would be misconstrued by foreign administrations. The Commission and U.S. trade negotiators are pursuing the same objectives -- increased choices for U.S. users and open access in communications markets around the globe. Thus, GE Americom strongly disagrees with the suggestion by ICO that the Commission's proposals here

conflict with the U.S. position in the WTO talks. *See* ICO Comments at 18. But any perception -- however misguided -- on the part of foreign administrations that the Commission is prejudging the results of the WTO negotiations obviously would be counterproductive. *See* AirTouch Comments at 9. By suspending action in this docket pending resolution of the basic telecommunications issues before the WTO, the Commission should be able to avert such misunderstandings.

Accordingly, GE Americom urges the Commission to wait for the conclusion of the WTO negotiations before proceeding further. The Commission should request supplemental comments once the WTO process is completed, after which it will be in a position to act expeditiously on a more complete record. As GE Americom has noted, this procedural schedule is consistent with the sequence that would have occurred had the WTO talks not been extended beyond the original April 30, 1996, deadline. *See* GE Americom Comments at 6. It will permit all interested parties and the Commission itself to take into account the results of the WTO negotiations and information gained during that process in considering appropriate market access policies for the future.

II. WTO DEVELOPMENTS WILL ALSO BE IMPORTANT IN RESOLVING IMPLEMENTATION ISSUES UNDER THE COMMISSION'S PROPOSED ECO-SAT TEST.

If the WTO talks are unsuccessful in achieving the Commission's market access goals, GE Americom generally would support adoption of a policy framework based on the proposed ECO-Sat test. However, we emphasize that even then, the parameters of the test should be informed by the outcome of the talks. We

discuss here specific implementation issues raised in the comments, but we reserve the right to refine or modify these views based on WTO developments.

A. The ECO-Sat Test Should Be Applied Through Earth Station Licensing, Not Re-Licensing of Space Stations.

GE Americom agrees that the ECO-Sat test should be implemented through the earth station licensing process, not through re-licensing of foreign satellites. *Notice* at ¶ 14. However, for increased efficiency, the Commission should also permit the operator of the foreign space station to apply for blanket authority to communicate with U.S. earth stations.

The Commission's proposal to consider requests to use non-U.S.-licensed satellites to serve the U.S. market in the context of earth station licensing applications has broad support in the comments. HBO, for example, states that "earth station licensing is the best mechanism through which to prevent competitive distortions in the U.S. market and to ensure responsible spectrum management." HBO Comments at 10. Other parties agree that the earth station application process presents a reasonable and efficient means of implementing the ECO-Sat test. *See, e.g.*, Lockheed Martin Comments at 4-5; MCI Comments at 4; Orion Comments at 4.

A few earth station operators argue that administration of the ECO-Sat test through earth station licensing will unduly burden earth station operators. *See* AlphaStar Comments at 3; Keystone Comments at 2. GE Americom believes that this concern can be addressed by permitting the space station operator to make the required ECO-Sat showing itself, as suggested by AT&T and HBO. AT&T

Comments at 8; HBO Comments at 11. These parties note that by allowing a foreign-licensed space station operator to seek blanket authority to communicate with U.S. earth stations, the Commission can reduce burdens on earth station operators and eliminate the need for duplicative applications.

However, the Commission should not require re-licensing of foreign satellites. The comments reflect unanimous agreement with the Commission's tentative finding that re-licensing would be inappropriate. *See Notice* at ¶ 14. As Orion notes, "[t]he Commission cannot second-guess or question the legitimacy of satellite space station licenses awarded by a foreign administration without inviting foreign administrations similarly to challenge U.S. satellite operators' licenses awarded by the Commission." Orion Comments at 4.[1]

The adverse consequences for U.S. satellite providers would be substantial if other administrations were to subject such providers to a re-licensing process. Lockheed Martin states that "re-licensing requirements for U.S. satellites would inevitably increase their cost of providing service and would delay -- and quite possibly entirely block -- service by U.S. satellites to many parts of the world." Lockheed Martin Comments at 5.[2]

Furthermore, re-licensing of foreign space stations is simply unnecessary. As Columbia notes, "[o]nce a satellite has been licensed by one

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[1] *See also* Columbia Comments at 8; Lockheed Martin Comments at 5; Teledesic Comments at 2; TRW Comments at 9.

[2] *See also* Columbia Comments at 8; TRW Comments at 10.

administration and coordinated through the procedures established by the ITU, it has established a basis for international operation." Columbia Comments at 7 (emphasis in original). Accordingly, imposition of licensing requirements by another administration would simply be redundant.

B. FCC Financial, Legal, and Technical Rules Should Not Be Applied to Foreign Space Stations.

Consistent with its proposal not to re-license foreign satellites, the Commission should not apply its Part 25 rules regarding financial, legal and technical standards to such systems. Nor should non-U.S. satellites be included in Commission processing rounds. Instead, the Commission should require evidence that the foreign system has been duly licensed by another administration and coordinated with U.S.-licensed satellites through ITU procedures. In addition, the Commission should require the earth stations communicating with the foreign satellite to comply fully with Part 25 requirements. This process will allow the Commission to ensure the sufficiency of foreign satellite operations while minimizing the risk of interference to U.S. systems.

As Loral states, requiring a demonstration that non-U.S.-licensed satellites comply with all Commission technical, financial, and legal requirements is "tantamount to re-licensing the system." Loral Comments at 21. Furthermore, like re-licensing, such a requirement would invite foreign administrations to impose similarly burdensome obligations on U.S. satellite operators seeking market access. *See* Columbia Comments at 21; Orion Comments at 5.

Instead, the Commission should rely on the foreign administration's licensing requirements, ITU processes and application of Part 25 obligations to earth station licensees to satisfy itself that the foreign satellite operator is legally, financially and technically qualified. *See* Keystone Comments at 4 ("In-orbit satellite operators licensed by another country should be assumed to have met those [legal, technical and financial] qualifications.").

GE Americom agrees that it is up to the licensing administration to determine whether a satellite operator has satisfied any applicable legal and financial requirements. The matter of compliance with necessary technical standards is more difficult, given the importance of ensuring that foreign-licensed satellites do not cause harmful interference to other systems. However, GE Americom believes that interference concerns are best addressed by requiring a demonstration that the foreign-licensed satellite has been coordinated through ITU procedures. Under ITU rules, interested parties will also have access to technical information regarding the foreign satellite. *See* WorldCom Comments at 8-9. In addition, the earth station licensee will continue to be fully subject to the Part 25 technical rules, including antenna size requirements and power limits. *See Notice* at ¶¶ 55-56.

These measures are satisfactory, particularly given the risk that a contrary policy by the Commission would lead to backlash on the part of foreign administrations. GE Americom is concerned that if the FCC requires foreign satellites to comply fully with Part 25, U.S. satellites could be faced with a

patchwork of different and possibly conflicting sets of technical rules when seeking access to markets abroad. Commenters supporting full application of Commission technical rules and other requirements do not demonstrate that such a policy would have significant advantages over reliance on ITU processes and earth station compliance with Part 25, nor do they address the possibility of backlash.[3]

Similarly, ITU procedures make it unnecessary for the Commission to consider foreign-licensed satellites in its processing rounds. Those procedures determine the priority of satellite filings. As a result, participation by foreign satellites in a Commission processing round is not needed to ensure that such satellites have access to spectrum. As AT&T observes, "the FCC should not be assigning orbital slots or spectrum to non-U.S.-licensed satellites. Rather, these are matters for the foreign administration to handle through the ITU registration and coordination process." AT&T Comments at 10. *See also* TRW Comments at 10 (spectrum needs of foreign-licensed MSS systems should be addressed through ITU procedures).

GE Americom also agrees that inclusion of foreign-licensed systems in U.S. processing rounds would be inconsistent with the Commission's decision not to re-license non-U.S. spacecraft. *See* Columbia Comments at 7-8; Lockheed Martin Comments at 6. In addition, as Lockheed Martin observes, participation of non-U.S. systems in Commission processing rounds would clearly introduce additional

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[3] *See* AT&T Comments at 13; HBO Comments at 17-19; Motorola/Iridium Comments at 38; PanAmSat Comments at 4.

complications into already complex U.S. licensing decisions. *Id.* Accordingly, GE Americom urges the Commission not to adopt this proposal.

C. Both the Home and Route Markets Should Be Evaluated to Determine the Presence of Either *De Jure* or *De Facto* Barriers to Entry.

The issue of market definition is one that particularly demonstrates why this proceeding is best deferred until the WTO negotiations are completed. GE Americom agrees that when the Commission considers an application under the ECO-Sat test, market access policies in both the home market of the non-U.S.-licensed satellite system and the route markets to be served should be reviewed to determine whether there are *de jure* or *de facto* entry barriers. In addition, GE Americom supports the Commission's proposal to evaluate applications for MSS authority using an approach based on a critical mass analysis. However, further definition and refinement of the ECO-Sat test should be based on the outcome of the WTO process.

The comments reflect broad support for the basic ECO-Sat framework. Numerous parties endorse the Commission's proposal to analyze market access conditions in both the foreign satellite's home market and in route markets proposed to be served over that satellite.[4] As PanAmSat observes, application of both "prongs" of this test is needed to ensure that U.S. satellite operators are not

[4] *See, e.g.*, AT&T Comments at 5; Columbia Comments at 11-13; DirecTV/Hughes Comments at 12; Lockheed Martin Comments at 9; PanAmSat Comments at 2-3.

faced with an unfair competitive disadvantage vis-à-vis their foreign-licensed rivals. PanAmSat Comments at 3.

Similarly, MSS providers (with the predictable exception of ICO and its investors) support adoption of a critical mass test for evaluating whether to permit U.S. service by a foreign-licensed MSS provider. Motorola and Iridium argue that a critical mass analysis is necessary to address the inherently global market for MSS services. Motorola/Iridium Comments at 31. TRW agrees that use of a critical mass test as a threshold for foreign MSS entry is essential, given the difficulties of tracing or preventing MSS transmissions to or from countries with closed markets. TRW Comments at 15.

The comments also support the Commission's proposal to consider both *de jure* and *de facto* entry barriers in the relevant markets. As Orion notes, "[a] complete picture of the legal and practical obstacles in place in a foreign market is absolutely critical to a full and accurate understanding of the competitive landscape." Orion Comments at 10.[5] GE Americom supports this approach as well, but we oppose the imposition of reporting burdens on U.S. satellite providers in an attempt to identify *de jure* barriers.[6]

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[5] *See also* General Instrument Comments at 3; HBO Comments at 16; Lockheed Martin Comments at 7.

[6] *See Notice* at ¶ 39. As TRW points out, "a foreign nation's grant of market access to a single U.S.-licensed satellite operator to provide a particular service cannot be considered *prima facie* evidence that no *de jure* barriers exist to entry by other U.S.-licensed satellite operators to provide the same service or any other service." TRW Comments at 29 (footnote omitted). *See also* Columbia Comments at 17. As a result, compiling a list of markets served by U.S. providers will not necessarily advance the Commission's ECO-Sat inquiry. Complying with the

Finally, GE Americom supports the proposals of Lockheed Martin and others for the establishment of procedures to ensure ongoing compliance with the Commission's pro-competitive policies. Lockheed Martin argues that the Commission must "remain vigilant against barriers arising after the earth station license has been granted." Lockheed Martin Comments at 9. *See also* Columbia Comments at 18-19; TRW Comments at 31-32. GE Americom agrees that the Commission must be prepared to revoke authority to provide service to countries that have adopted material new restrictions in their market access policies.

GE Americom emphasizes again, however, that our views regarding the ECO-Sat framework are preliminary, and we reserve the right to modify them based on WTO developments. The Commission must be prepared to refine the elements of the ECO-Sat test in response to the outcome of the negotiations and information gained during the course of the talks. Obviously, if the talks succeed, the Commission will need to consider how the resulting agreement impacts its proposed ECO-Sat analysis. Even if the talks fail, however, they should produce substantial valuable insights regarding existing barriers to entry in markets that are "home" to satellite systems and in important route markets. In addition, the USTR has requested industry guidance in developing a "critical mass" list for

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reporting requirements would be administratively burdensome for U.S. operators and would involve the disclosure of proprietary information. *See* PanAmSat Comments at 3-4; Orion Comments at 10-11. Accordingly, GE Americom believes the Commission should not go forward with its proposed reporting requirement.

various services,[7] and the results of that inquiry should also assist the Commission in finalizing its policies.

D. The Commission Should Continue to License Receive-Only Antennas that Communicate With Non-U.S. Satellites.

GE Americom recommends that the Commission adopt its proposal to require continued licensing of receive-only antennas operating with transmissions from foreign-licensed satellites. Maintaining this procedure is necessary to ensure that receive-only earth stations comply with Commission policies. However, the Commission should allow blanket licensing of identical receive-only antennas.

A number of commenters support continued licensing of receive-only earth stations operating with a foreign satellite. AT&T, for example, notes that requiring a license to receive transmissions from a non-U.S. satellite "is necessary for the Commission to be able to ensure that these radio communications are consistent with U.S. policy concerning competition and spectrum management." AT&T Comments at 18. *See also* AlphaStar Comments at 7-8; HBO Comments at 10; PanAmSat Comments at 9.

A few parties oppose the Commission's proposal, arguing that receive-only antennas are simply passive devices that should not be subject to Commission regulation. *See, e.g.,* COMSAT Comments at 40; Keystone Comments at 6; WTCI Comments at 15-16. However, as Hughes observes, "[e]xcept for the license issued

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[7] Office of the United States Trade Representative, Request for Comments Concerning Basic Telecommunications Negotiations, 61 Fed. Reg. 36606 (July 11, 1996).

to the earth station operator, the Commission has no practical recourse against a foreign satellite that may be causing harmful interference to U.S. satellites and their users." Hughes Comments at 23. The same is true with respect to a foreign satellite that enjoys unfair competitive advantages in other markets. While there are international procedures for resolving harmful interference,[8] these procedures are likely to be cumbersome at best, and the Commission must ultimately rely on its own authority to protect U.S. interests.

GE Americom recognizes that even revoking U.S. earth stations' authority to receive signals from an interfering foreign satellite may exert only limited leverage on the satellite operator to induce it to cure the interference. License revocation also may be difficult to enforce when exercised to address interference or competitive market problems. However, revocation at least can have going-forward consequences for the relevant satellite. The Commission clearly should not give up the only leverage it has in such situations.

Furthermore, the administrative burden of preserving the licensing requirement is mitigated by the Commission's proposal to permit blanket licensing of identical receive-only equipment. Blanket licensing will minimize delay and eliminate the need for duplicative applications. *See* AlphaStar Comments at 8;

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[8] *See* Article 22, "Procedures in a Case of Harmful Interference," ITU Radio Regulations (Geneva 1994); *e.g.*, RR 1955 (harmful interference as a result of emissions from space stations).

AT&T Comments at 18; Hughes Comments at 24. The Commission has frequently used this approach for consumer reception equipment.[9]

III. THE COMMISSION SHOULD ESTABLISH A SEPARATE PROCEEDING TO ADDRESS MARKET ENTRY BY COMSAT AND IGO ENTITIES.

As GE Americom has previously noted, market access by IGOs raises special concerns. GE Americom Comments at 10-11. We agree with Orion that these concerns warrant deferring consideration of IGO entry to a separate proceeding. In the meantime, COMSAT's repeated requests for immediate blanket authority to provide domestic U.S. service must be rejected.

The Commission has already recognized that IGOs are a special case. The *Notice* acknowledges that IGOs "have certain privileges and immunities that may provide them with competitive advantages over competing satellite service providers." *Notice* at ¶ 62.[10] Furthermore, they "have established dominant positions in the global market by virtue of their size and of the fact that, in general, their members are the primary if not exclusive providers of fixed and mobile maritime services in most major national markets." *Notice* at ¶ 62.

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[9] *See e.g., Mobile Datacom*, File No. 814-DSE-P/L-93 (rel. Apr. 3, 1995) (blanket authority for 10,000 RDSS terminals); *Rockwell International Corporation*, File No. 1051-DSE-MP/L-95 (rel. Sept. 7, 1995) (blanket license to operate 15,000 L-band terminals).

[10] This assessment was corroborated recently by the report of the General Accounting Office on the "Competitive Impact of Restructuring the International Satellite Organizations," GAO/RCED 96-204 (July 1996). The report concludes that the IGOs may indeed have "competitive advantages that could pose barriers to potential competitors." *Id.* at 4-5.

Commenting parties confirm the Commission's views. HBO notes that "INTELSAT has obtained landing rights not afforded other nations" as a result of which "INTELSAT enjoys an unfair advantage which would skew the competitive playing field." HBO Comments at 21. PanAmSat agrees that INTELSAT's "special governmental privileges and immunities give it enormous competitive advantages over U.S. satellite licensees." PanAmSat Comments at 6. Furthermore, use by COMSAT of INTELSAT capacity for competitive services creates the risk of cross-subsidization. *Id.*

Given the unique issues associated with use of IGO capacity, GE Americom supports Orion's proposal that any liberalization of U.S. market access for IGOs be considered in separate proceedings. Orion Comments at 13. Deferral of these issues is particularly appropriate given the pending proposals for restructuring and privatization of the IGOs. A number of parties argue that the Commission should not consider permitting IGOs expanded access to the U.S. market until substantial restructuring of those entities has taken place. *See, e.g.*, AT&T Comments at 15; Columbia Comments at 22; HBO Comments at 21; PanAmSat Comments at 6.

Even COMSAT claims that "[t]his is the wrong time and place to adopt an ECO-Sat scheme prospectively applicable to INTELSAT or Inmarsat affiliates that currently do not exist." COMSAT Comments at 33. GE Americom suggests that the Commission take COMSAT's advice by deferring consideration of the appropriate treatment of IGO entities.

In the meantime, current restrictions on COMSAT's ability to provide domestic service should continue. As AT&T notes, if the status quo is maintained "COMSAT would remain free to apply on a case-by-case basis for authority to provide incidental U.S. domestic services using INTELSAT or INMARSAT capacity." AT&T Comments at 15 n.9. This would allow the Commission to address special circumstances in which permitting COMSAT to provide domestic service might be in the public interest.

COMSAT's claims that it is being singled out for unfair treatment simply cannot be credited. COMSAT asserts that permitting it to enter the U.S. domestic market would enhance competition. COMSAT Comments at 15. However, COMSAT does not even attempt to refute the Commission's finding that INTELSAT members have access to markets that are closed to U.S. providers.[11]

The fact remains that COMSAT, through its use of INTELSAT capacity, can provide service on routes to markets where other U.S. providers cannot compete. It remains to be seen whether any privatization or reorganization will materially alter that market access inequity. Meanwhile, expanded COMSAT participation would skew competition for both domestic and international service in the U.S. market. Accordingly, in the absence of special circumstances, restrictions on COMSAT should be maintained.

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[11] This conclusion also is supported by the GAO report on restructuring the IGOs, which stated that "[h]aving achieved their original missions, the [IGOs], as structured, may now be impeding the flourishing of a private market and the benefits it can bring to consumers." GAO/RCED 96-204 at 17.

CONCLUSION

GE Americom respectfully requests that the Commission defer further action in this proceeding pending completion of the WTO negotiations. The Commission should initiate a separate proceeding to address appropriate entry policies for COMSAT and IGO entities.

Respectfully submitted,

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August 16, 1996

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I hereby certify that on this 16th day of August, 1996, a copy of the foregoing Reply Comments of GE American Communications, Inc. was served by hand delivery addressed to the following:

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