

CHINA TELECOM (AMERICAS) FOREIGN CARRIER AFFILIATION NOTICE

China Telecom (Canada) Corporation (formerly China Telecom (Canada) ULC)

175 Commerce Valley Dr. W, No. 210
Markham, ON L3T 7P6
Canada

China Telecom do Brasil Ltda.

Rua Leopoldo Couto de Magalhães Jr, No.758, 11th Floor, Room 1119
São Paulo, SP 04542-000
Brazil

Additional Information

10. The foreign companies affiliated with China Telecom (Americas) Corporation (“CTA”) that are the subject of this notification were both formed prior to their receipt of authorization to operate as carriers in their respective foreign jurisdictions. CTA inadvertently subsequently failed to notify the Commission of the foreign carrier affiliations.

12.c.1 CTA is authorized to operate as a facilities-based carrier and provide international services between the United States and all permissible points.¹ CTA has accepted dominant carrier treatment on the U.S. – China route, but is otherwise entitled to non-dominant classification.² CTA is entitled to retain non-dominant classification on both the U.S. – Canada and U.S. Brazil routes. Under 47 CFR §63.10(a)(3), a U.S. carrier will be presumptively non-dominant if it demonstrates that the foreign carrier affiliate lacks a fifty percent (50%) market share in the international transport and local access markets on the foreign end of the route. This is the case with respect to CTA’s Canadian and Brazilian affiliates. Neither China Telecom (Canada) (“CT Canada”) nor China Telecom do Brasil Ltda. (“CT Brazil”) enjoy market power in their respective jurisdictions.

The Canadian Radio-Television and Telecommunications Commission (“CRTC”) Communications Monitoring Report for 2013³ notes that the Canadian telecommunications market is dominated by ten large companies which, along with their affiliates, collectively account for over 90% of Canadian telecommunications revenues. The other entities studied in the CRTC Report each have well below 10% of the market. Appendix 8 of that Report, which lists all of the telecommunications companies referenced in the Report, does not even mention CT Canada. CT Canada contributes less than 1% of

¹ See International Authorizations Granted, FCC Public Notice, Report No. TEL-00567 (released July 6, 2001), File No. ITC-214-20010613-00346 (authorizing China Telecommunications Corporation to provide global or limited global facilities based and resale service between the United States and all permissible points except China); Streamlined International Applications Accepted For Filing, FCC Public Notice, Report No. TEL-00558S (released August 7, 2002) (authorizing China Telecom (USA) Corporation to also provide global or limited global facilities based and resale service between the United States and China, subject to dominant carrier classification on the U.S.-China route); International Authorizations Granted, FCC Public Notice, Report No. TEL-00576, DA No. 02-2234 (released September 12, 2002) (Informative re notification of *pro forma* assignment of section 214 authorization ITC-214-20010613-00346 from China Telecommunications Corporation to China Telecom (USA) Corporation effective June 7, 2002). By letter to Marlene H. Dortch, Secretary, dated July 20, 2007 the FCC was notified of the name change from China Telecom (USA) Corporation to China Telecom (Americas) Corporation.

² See note 1, above.

³ <http://www.crtc.gc.ca/eng/publications/reports/policymonitoring/2013/cmr.htm>.

CTA's total annual revenues, which in turn are eclipsed by those of Canada's largest carriers. Thus, CT Canada has a negligible presence in the Canadian telecom market.

Similarly, sources regarding the Brazilian market report that the bulk of the market is divided between four operators (Telefonica, America Movil, Oi and GVT).⁴ These four operators collectively hold about 95% and 89% of the Brazilian wireline and broadband markets, respectively.⁵ There are numerous other established operators in the Brazilian market. As is the case with CT Canada, CT Brazil contributes less than 1% to CTA's total revenues and is a negligible presence in the Brazilian telecom market.

16. See response to question 12, above.

17. The foreign affiliates that are the subject of this notice and the countries in which they are authorized to provide service are:

Canada	<u>China Telecom (Canada) Corporation</u> (formerly China Telecom (Canada) ULC) License: Basic International Telecommunications Services ("BITS")
Brazil	China Telecom do Brasil Participações Ltda. (parent company) <u>China Telecom do Brasil Ltda.</u> (licensed subsidiary) License: Serviço de Comunicação Multimídia ("SCM")

18. CTA is authorized to operate as a facilities-based carrier for the provision of global or limited global facilities based and resale service between the U.S. and all permissible points, including China.⁶

19. Neither CTA nor either of its Canadian and Brazilian carrier affiliates provides any international switched services. All services are international private line, MPLS and internet access for large enterprise customers and other carriers. CTA also provides wholesale voice transport for other international carriers.

20. The ownership of CTA is as follows:

- 100% of CTA stock is owned directly by:
China Telecom Corporation Ltd. ("CTCL"), a PRC corporation⁷
31 Jinrong Street, Xicheng District, 100033, Beijing, PRC
Principle business: Holding company for China Telecom's domestic PRC and international telecom and information services operating subsidiaries.
 - 70.89% of the stock of CTCL is held by:
China Telecommunications Corporation ("CTC"), a PRC corporation
31 Jinrong Street, Xicheng District, 100033, Beijing, PRC
100% of CTC is owned by the government through the PRC state-owned Assets Supervision and Administration Commission of the State Council of China
Principle business: PRC domestic and international telecom and information services.

⁴ See, e.g., <http://www.budde.com.au/Research/Brazil-Fixed-Line-Operators.html>.

⁵ See, e.g., <http://jonatasmattes.blogspot.com/2013/12/2013-telecom-market-share-in-brazil.html>.

⁶ See note 1, above.

⁷ The *pro forma* transfer of control of CTA from direct ownership/control by CTC to direct majority ownership/control by CTCL was consummated on June 12, 2007 and conditionally approved by the FCC on August 15, 2007. See International Authorizations Granted, FCC Report No. TEL-01179, DA No. 07-3632, ITC-T/C-20070725-00285 (August 16, 2007).

- 17.15% of the stock of CTCL is widely held by public shareholders (Hong Kong and New York exchanges).
- 11.96% of the stock of CTCL is held by four PRC state-owned entities, none of which holds 10%:
 - Guangdong Rising Assets Management Co., Ltd. (6.94%)
 - Jiangsu Guoxin Investment Group Co., Ltd (1.18%)
 - Zhejiang Financial Development Company (2.64%)
 - Fujian Investment and Development Group Col, Ltd (1.20%)

21. CTA Officers and Directors:

HAN, Zhuo	Director (Board Chairman), President
KONG, Lingping	Director, Vice President
ZHAO, Hui	Director, Vice President
ZHANG, Xiaofeng	Treasurer
Luis Fiallo	Secretary

CT Canada Officers and Directors:

HAN, Zhuo	Director (Board Chairman), President
Kenneth Ma	Director
YE, Zhaofeng	Director, Secretary and Treasurer

CT Brazil Officers and Directors:

Carlos Alberto Marcicano – Director (for both China Telecom do Brasil Participações Ltda. and China Telecom do Brasil Ltda.)

There are no interlocking directorates between CTA and any of its subsidiaries on the one hand, and CTC or CTCL or any other CTC subsidiary, on the other hand.