

Categories of Services for 214 Applications
(Streamline/Non-streamline)

- ASSIGNMENT OF LICENSE
- GLOBAL FACILITIES-BASED SERVICE
- GLOBAL FACILITIES-BASED/GLOBAL RESALE SERVICE
- GLOBAL RESALE SERVICE
- INDIVIDUAL FACILITIES-BASED SERVICE
- INTERCONNECTED PRIVATE LINE RESALE SERVICE
- LIMITED GLOBAL FACILITIES-BASED SERVICE/LIMITED GLOBAL RESALE SERVICE
- LIMITED GLOBAL FACILITIES-BASED SERVICE
- LIMITED GLOBAL RESALE SERVICE
- INMARSAT AND MOBILE SATELLITE SERVICE
- SWITCHED RESALE SERVICE
- TRANSFER OF CONTROL
- SUBMARINE CABLE LANDING LICENSE
- INTERNATIONAL SPECIAL PROJECT

Description of Application:

Dominic WS Switzerland

FBI

FCC/MELLON

FCC/MELLON

OCT 20 1998

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C.

In the Matter of)
)
Unisource USA, Inc. and)
)
Unisource Carrier Services AG)

)
)
Joint Application for Expanded Authority)
)
Pursuant to Section 214 of)
)
the Communications Act of 1934,)
)
as Amended, To Acquire and Operate)
)
Facilities and To Resell the Services of)
)
Other Carriers for the Provision of)
)
International Service Between)
)
the United States and International Points)
)
_____)

File No. ITC-214-19981014-²⁰00735

JOINT APPLICATION FOR SECTION 214 AUTHORITY

Unisource USA, Inc. ("Unisource USA") and Unisource Carrier Services AG

("UCS") (collectively the "Joint Applicant") hereby request expanded authority on behalf of each of themselves and their respective wholly owned subsidiaries and of the Unisource Group (as defined below) pursuant to Section 214 of the Communications Act of 1934, as amended,

47 U.S.C. § 214 ("Section 214"), to provide authorized international services between the

United States and international points as follows:

- Pursuant to Sections 63.18(e)(1), (2), and (6) of the Commission's Rules, the Joint Applicant seeks to expand the existing Section 214 authorization of Unisource USA to encompass the provision of service by (i) UCS and its wholly owned subsidiaries and (ii) all other wholly owned subsidiaries of Unisource N.V. (collectively with Unisource USA, the Unisource Group). As described below, Unisource USA currently has authorization on behalf of itself and wholly owned U.S. subsidiaries to provide facilities-based and resale service to

all international points (except Switzerland), including countries where Unisource USA has affiliates.

- Pursuant to Sections 63.18(e)(1), (2), and (6) of the Commission's Rules, Unisource USA, UCS, and the other members of the Unisource Group seek global facilities-based and resale authorization to provide services between the United States and Switzerland, the home country of affiliate Swisscom.

Unisource USA is filing concurrently an application for Special Temporary

Authority that requests authorization prior to November 1, 1998 for Unisource USA to provide service on the U.S.-Switzerland route.

Unisource USA is a corporation organized under the laws of the State of Delaware with its headquarters in Murray Hill, New Jersey. UCS is a corporation organized under the laws of Switzerland with its headquarters in Wallisellen, Switzerland. Both entities are wholly owned subsidiaries of Unisource N.V. ("Unisource"), a provider of international telecommunications services that is incorporated under the laws of the Netherlands. Unisource is a joint venture owned by KPN Telecom B.V. ("KPN") (formerly PTT Telecom), a provider of telecommunications services incorporated and operating in the Netherlands; Telia AB, a provider of services incorporated and operating in Sweden; and Swisscom, a provider of services established and operating in Switzerland.¹⁷ (The Unisource shareholder companies are referred to collectively herein as the "Unisource shareholders.") [AUCS NV is a corporation established in the Netherlands that is owned 60% by Unisource and 40% by AT&T.] [AUCS VOF is a partnership established in the Netherlands that is owned 59.94% indirectly by

¹⁷ Telefonica de España, S.A. ("Telefonica"), a provider of services incorporated and operating in Spain, was a shareholder in the Unisource joint venture until the parties entered into a termination agreement on December 12, 1997.

Unisource, 39.96% indirectly by AT&T, and 0.1% by AUCCS NV, which is owned 60% indirectly by Unisource and 40% indirectly by AT&T.]^{2/}

Unisource USA has filed a series of Section 214 applications under which it has received authorization on behalf of itself and other existing and future U.S. subsidiaries. Specifically, Unisource USA has received authorization to provide facilities-based and resale services on routes between the United States and (i) countries where Unisource USA does not have affiliates, (ii) Sweden and the Netherlands (the home countries of two of the three indirect shareholders of Unisource USA), and (iii) countries where Unisource USA has affiliates that lack market power. Unisource USA understands that subsidiaries of Unisource other than those specifically named in the previous applications may market the services authorized under the existing Section 214 authorizations. However, there may be circumstances in which such other entities in the Unisource Group would wish to provide services in a manner that the Commission might deem to require express Section 214 authorization. For that reason, in addition to the existing right to market services pursuant to current Section 214 authorizations granted to Unisource USA, this application requests express Section 214 authorization for the entire

^{2/} Unisource also has a nonequity business relationship with AT&T. Unisource is a member of WorldPartners, a marketing alliance of which AT&T is also a member. In addition, Unisource owns 60% and AT&T owns 40% of AT&T-Unisource Communications Services (“AUCCS”) (formerly Uniworld), a telecommunications service provider established in the Netherlands and providing service in Europe. However, neither Unisource, Unisource USA, nor UCS is affiliated with AT&T under the Commission’s rules because the Commission has found that nonequity relationships do not constitute “affiliation.” Market Entry and Regulation of Foreign-affiliated Entities, Report and Order, 11 FCC Rcd 3873, 3908 (1995). As the Commission has recognized, neither WorldPartners nor AUCCS involves cross-equity holdings between AT&T and Unisource N.V., Motion of AT&T To Be Declared Non-Dominant for International Service, Order, 11 FCC Rcd 17963, 17990 (1996), and neither presents a substantial risk of anticompetitive conduct on any U.S. international route, id. at 17991; Order on Recon. at ¶¶ 20-24 (rel. Oct. 5, 1998).

Unisource Group.^{3/} The members of the Unisource Group understand that they will be bound by the conditions contained in Unisource USA's existing authorizations.

Furthermore, Unisource USA does not yet have authorization to provide service between the United States and Switzerland, the home country of shareholder Swisscom. This application therefore requests authorization pursuant to the rules adopted by the Commission in the Foreign Participation Order for the Unisource Group to provide service on that route.^{4/} The rules adopted in the Foreign Participation Order establish a rebuttable presumption in favor of entry for applicants from WTO Member countries, such as Switzerland. The Commission has addressed the issues raised by this Application when the Commission granted Unisource Shareholder Swisscom authorization to provide service on the U.S.-Switzerland route. See Swisscom North America, Inc., Memorandum Opinion, Order and Certificate, 13 FCC Rcd 3132 (1998). The reasoning that led the Commission to find that grant of Swisscom's application would serve the public interest applies equally here. The members of the Unisource Group are willing to be classified as dominant with respect to that route, reserving the right to seek reclassification in the future.

A grant of the expanded authority sought in this application would serve the public interest. Entry of additional foreign-affiliated carriers in the U.S. market is one of the

^{3/} Thus, for example, the Joint Applicant intends that grant of this Application would secure for UCS the same Section 214 authorization rights that UCS would obtain if it applied separately for Section 214 authorization, including the right to transfer control of its Section 214 authorization subject to Commission approval. If this would not be the result of this Application as submitted, the Joint Applicant requests the opportunity to amend the Application as may be required to achieve the intended objective.

^{4/} See Rules and Policies on Foreign Participation in the U.S. Telecommunications Market, Report and Order and Order on Recon., IB Dockets Nos. 97-142 and 95-22 (rel. Nov. 26, 1997) ("Foreign Participation Order").

objectives of the WTO Basic Telecom Agreement. As the Commission stated in the Foreign Participation Order, “entry by foreign telecommunications carriers and other investors will increase competition in the U.S. telecommunications service market, providing lower prices and increased quality of service.”⁵⁷ To that end, the Commission has concluded that the presumption of open entry for applicants from WTO Member countries such as Switzerland serves the public interest, and it has stated its intent to expeditiously grant the vast majority of applications filed by foreign telecommunications carriers.⁵⁸ In order effectively to provide competitive service, the members of the Unisource Group need the full ability to reach global destinations and to utilize flexible corporate structures, as the expanded authority requested herein would permit.

I. INFORMATION REQUIRED BY SECTION 63.18 OF THE COMMISSION’S RULES.

In further support of its application, the Joint Applicant provides the information below as required by Section 63.18 of the Commission’s rules. In view of the joint nature of this Application, information is provided with respect to each of Unisource USA and UCS, and officials of each entity have signed the Application to provide support for the certifications provided herein: André Käser is the Managing Director of Unisource Carrier Services AG and Paul Smits is the President and CEO of Unisource USA and of Unisource N.V.

(a) The name, address, and telephone number of the applicant are:

Unisource USA, Inc.
535 Mountain Avenue
Murray Hill, N.J. 07974

⁵⁷ Id., ¶ 4.

⁵⁸ Id., ¶ 29.

tel: (908) 508-2064

Unisource Carrier Services AG
Industriestr. 21
CH-8304 Wallisellen
Switzerland
tel: +41 1 839 32 11

- (b) Unisource USA is incorporated under the laws of the State of Delaware. UCS AG is incorporated under the laws of Switzerland.

- (c) Correspondence concerning this application should be sent to:

Frans Lijnkamp
Unisource USA, Inc.
Unisource N.V.
Polarisavenue 97
2132 JH Hoofddorp
The Netherlands
tel: +31 23 568 6201
fax: +31 23 568 6200

Ennio Marengo
Unisource Carrier Services
Industriestr. 21
CH-8304 Wallisellen
Switzerland
tel: +41 1 839 3211
fax: +41 1 839 3295

with a copy to:

William T. Lake
Wilmer, Cutler & Pickering
2445 M Street, N.W.
Washington, D.C. 20037
tel: (202) 663-6000
fax: (202) 663-6363

- (d) Unisource USA has received authority under Section 214 to provide both resold and facilities-based services between the United States and (i) the United Kingdom, ITC-97-268; (ii) Sweden, ITC-97-267; (iii) countries in which Unisource USA has no affiliates, ITC-97-266 (resale) and ITC-97-269 (facilities-based); (iv) the Netherlands, ITC-97-470; and (v) countries in which Unisource USA has nonshareholder affiliates, ITC-98-001.

(e) By this application, Unisource USA and UCS request authority pursuant to Sections 63.18(e)(1), (2), and (6) of the Commission's Rules for UCS and all other members of the Unisource Group to provide the facilities-based and resale services for which Unisource USA has previously received authorization and subject to the conditions contained in those authorizations. Unisource USA and UCS also request authority pursuant to Sections 63.18(e)(1), (2), and (6) of the Commission's Rules for all members of the Unisource Group to provide facilities-based and resale services between the United States and Switzerland. The members of the Unisource Group do not seek to be regulated as nondominant for the U.S.-Switzerland route.

(g) The Joint Applicant does not contemplate any new construction that would constitute a major action under the Commission's rules. Accordingly, authorization of the services proposed by this application is categorically excluded as defined by 47 C.F.R. § 1.1306.

(h) (1) By its signature to this Application, each of Unisource USA and UCS hereby certifies that the members of the Unisource Group arguably are affiliated with foreign carriers, as defined in Sections 63.18(h)(1)(i) and (ii) of the Commission's rules, in the countries identified in Appendix 1. However, the Joint Applicant reserves the right to contend that the members of the Unisource Group are not affiliated with carriers in some of these countries within the meaning of the Commission's rules.

(2) The name, address, citizenship, and principal business of the Unisource Group's sole 10% or greater shareholders are as follows:

Unisource USA and UCS are wholly owned subsidiaries of Unisource N.V., which is incorporated under the laws of the Netherlands. Unisource N.V.'s mailing address is Polarisavenue 97, 2132 JH Hoofddorp, the Netherlands and its principal business is telecommunications.

The corporate form, principal shareholders, and address of each Unisource shareholder are as follows:

KPN is a private company with limited liability incorporated under the laws of the Netherlands. The shares of KPN are owned by Royal PTT Nederland N.V. KPN's mailing address is Prinses Beatrixlaan 23, 2595 AK The Hague, The Netherlands.

Swisscom AG is a stock company established under the laws of Switzerland pursuant to a special law as legal successor to the Telecom Department of the Swiss PTT, a former enterprise of the federal

administration of Switzerland. The shares of Swisscom are owned by the Government of Switzerland. Swisscom's mailing address is Viktoriastrasse 21, 3030 Bern, Switzerland.

Telia AB is a limited liability company formed under the laws of Sweden. The shares of Telia AB are owned by the Government of Sweden. Telia AB's mailing address is SE 123 86 FARSTA, SWEDEN.

There are no interlocking directorates between Unisource USA, UCS, and U.S. common carriers. As noted above, Paul Smits is the President and CEO of both Unisource USA and Unisource N.V.

- (3) Each of Unisource USA and UCS certifies that the members of the Unisource Group do not have any affiliation with any U.S. carrier whose facilities-based services they propose to resell.
- (5) The members of the Unisource Group seek to operate as facilities-based international carriers to the affiliated countries covered under Unisource USA's existing authorizations and to Switzerland, which is a Member of the WTO.
- (6) The members of the Unisource Group seek to provide international services by reselling international switched and private line services to the affiliated countries covered under Unisource USA's existing authorizations and to Switzerland, which is a Member of the WTO.
- (7) Each of Unisource USA and UCS states that it and each member of the Unisource Group will file with respect to Switzerland the quarterly traffic reports required by Section 43.61(c).
- (8) Each of Unisource USA and UCS agrees that it and each member of the Unisource Group will be classified as a dominant carrier with respect to the U.S.-Switzerland route, without prejudice to its right to petition for reclassification at a later date. UCS agrees to be classified with respect to other routes in the same manner as the Commission classified Unisource USA in previous Section 214 authorizations.
- (i) Each of Unisource USA and UCS certifies that the members of the Unisource Group have not agreed to accept any special concessions directly or indirectly from any foreign carrier or administration with respect to traffic or revenue flows between the United States and Switzerland or any other countries where the Unisource Group would be deemed to be affiliated with a carrier with market power, and the members of the Unisource Group will not enter into any such agreement in the future without Commission approval.

(j) Each of Unisource USA and UCS certifies that no member of the Unisource Group and no party to this application, as defined in 47 C.F.R. § 1.2002(b)(2), is subject to denial of Federal benefits, as provided in the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853a.

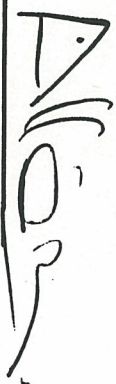
(k) The Joint Applicant does not request streamlined processing pursuant to Section 63.12.

CONCLUSION

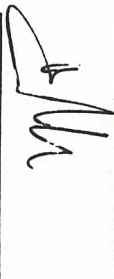
For the foregoing reasons, the Applicant requests that the Commission grant the authority requested in this application.

Respectfully submitted,

By:



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Date: October 13, 1998

APPENDIX 1

UNISOURCE GROUP AFFILIATES

Austria	AUCS (Osterreich) GmbH is owned 100% by AT&T-Unisource Communications Services NV ("AUCS"). AUCS is owned 60% by Unisource Pan-European Services BV, a wholly owned subsidiary of Unisource, and 40% by AT&T Pan European Services, Inc. Swisscom owns 100% of Swisscom Telekommunikationsgesellschaft m.b.H (Wien), which has been contributed to UTA Telekom AG, a joint venture in which Swisscom owns 50% plus one share, which is a national provider of voice and data services.
Belgium	AUCS (Belgium) NV is owned 100% by AUCS. Unisource owns 50.4% and KPN owns 49.6% of Unisource Belgium.
Czech Republic	KPN and Swisscom each own 50% of Telsource, which owns 27% of SPT Telecom, the national operator in the Czech Republic.
Denmark	AUCS (Danmark) A/S is owned 100% by AUCS.
Finland	Telia AB owns 100% of Telia AS, which provides national and international telecommunications services.
Finland	AUCS (Finland) Oy is owned 100% by AUCS.
France	Telia AB owns 100% of Telia Finland Oy, a provider of long distance and international telecommunications services.
France	AUCS (France) SA is owned 100% by AUCS. Unisource owns all but one share of SIRIS SAS. Unisource owns 100% of Unisource Carrier Services France SAS. Swisscom owns 50% of Estel, which will provide voice and data services in the Alsace region.
Germany	AUCS (Germany) GmbH is owned 100% by AUCS. Unisource owns 100% of (i) Unisource Carrier Services GmbH and (ii) UBN Deutschland GmbH. Swisscom owns 50% of tesion Kommunikationsnetze Südwest GmbH & Co. KG.
Greece	AUCS (Hellas) is owned 100% by AUCS. Unisource Business Networks BV, a wholly owned subsidiary of Unisource, owns 100% of Unisource Hellas Telecommunication Services S.A.

Hungary KPN owns 50% and Swisscom owns 50% of JaszTel Ltd. Telecommunicacios, a provider of local telecommunications services.

Ireland AUCCS (Ireland) Ltd. is owned 100% by AUCCS. KPN indirectly owns 12% and Telia AB indirectly owns 8% of Telecom Eireann. This ownership is through Comsource Un Ltd., which is owned 60% by KPN and 40% indirectly by Telia AB. Comsource Un Ltd. has joint control of Telecom Eireann with the government of Ireland.

Italy AUCCS (Italia) SpA is owned 100% by AUCCS. Unisource Business Networks BV owns 100% of Unisource Italia SpA. Swisscom owns 100% of Swisscom S.p.A., which will provide voice and data services in the Lombardy region.

Latvia Telia AB owns 100% of Telia Latvija STA, a provider of paging and other telecommunications services.

Lithuania Telia AB owns 100% of Lietelija UAB, a provider of data transmission and value added (Internet access) services.

Luxembourg AUCCS (Luxembourg) S.a.r.l is owned 100% by AUCCS. Unisource owns 50.2% and KPN owns 49.8% of Unisource Business Networks Luxembourg S.a.r.l.

Netherlands AT&T-Unisource Network PBV is owned 100% by AUCCS. Unisource Business Networks BV owns 100% of Unisource Business Networks Nederland BV. KPN is a Unisource shareholder.

Norway AUCCS (Norge) AS is owned 100% by AUCCS. Telia AB owns 100% of Telia Norge AS, which provides national and international telecommunications services.

Portugal NCR Portuguesa - Gestao e Investimentos, Lda, owned 100% by AUCCS, provides data transmission and other services through its subsidiary, AT&T Portugal Comunicações SA.

Spain AUCCS (España) is owned 100% by AUCCS. Unisource Business Networks BV owns 100% of Unisource Iberia SA.

Sri Lanka
Telia owns 64.99% of Telia Overseas AB, which owns 55% of Suntel (Pvt) Ltd., a provider of national and international telecommunications services.

Sweden
AUCCS (Sverige) AB is owned 100% by AUCCS. Unisource owns 100% of Unisource Carrier Services Northern Europe AB. Unisource Business Networks BV owns 100% of Unisource Business Networks Sverige AB.

Telia AB is a Unisource shareholder.

Switzerland
Unisource owns 100% of (i) Unisource Business Networks Schweiz AG and (ii) Unisource Carrier Services AG.

Swisscom Ltd. is a Unisource shareholder.

UK
AUCCS (UK) Ltd. is owned 100% by AUCCS. Unisource Business Networks BV owns 100% of Unisource Carrier Services UK Ltd.

Telia AB owns 100% of Telia UK Ltd., which holds resale and facilities-based licenses and provides international telecommunications services in the United Kingdom.