

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:

Boyan
Dariusz Bojan

GLOBAL LEASING COMPANY
 Application for Section 214 Authority
 For Global Facilities-based/Global
 Resale Services
 February 12, 1999

Before the
 FEDERAL COMMUNICATIONS COMMISSION
 Washington, DC 20554

In the Matter of
 GLOBAL LEASING COMPANY

RECEIVED
 FEB 18 1999

ITC-214-1999

Application for Global Authority Pursuant to Section 214 of the
 Communications Act of 1934, as Amended, (1) to Provide
 Facilities-based, Switched, Private Line, Data, Television and
 Business Services between the United States and International
 Points, and (2) to Provide Resale of International Services of
 Authorized U.S. Common Carriers for the Provision of
 International Basic Switched, Private Line, Data, Television
 and Business Services between the United States and
 International Points)
)
)
)
)
)
)
)
)
)
)

To: Chief, International Bureau

APPLICATION

Global Leasing Company (“GLC”), hereby respectfully requests authority, pursuant to section 214 of the Communications Act of 1934, as amended (the “Act”), 47 U.S.C. § 214, and section 63.18 of the Commission’s rules, 47 C.F.R. § 63.18, to provide global facilities-based and resale of switched, private line and data services originating from all points in the United States except the in-region states served by its local exchange carrier affiliate, BellSouth Telecommunications, Inc. (“BST”),¹ and terminating at all international points, except within

¹ Until such time as BellSouth Corporation (“BellSouth”), BellSouth Long Distance, Inc., or another BellSouth affiliate or subsidiary is authorized to provide interLATA services in the BellSouth Region, in accordance with the provisions of section 271 of the Communications Act of 1934, as amended, 47 U.S.C. § 271, GLC, in the United States, will provide only facilities-based and resale of international telecommunications services originating outside of the BellSouth Region. The “BellSouth Region” is comprised of the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.

countries listed on the Commission's exclusion list (the "Exclusion List");² and (ii) originating at all international points, except within those countries listed in the Exclusion List, and terminating in the United States.³ In the provision of these services, GLC seeks to be treated as a non-dominant carrier for the reasons set forth below.

GLC is a corporation organized under the laws of the State of Georgia. GLC is a wholly owned subsidiary of BellSouth International Network Holdings, Inc. ("Holdings"), a Delaware corporation. Holdings is a wholly owned subsidiary of BellSouth Corporation ("BellSouth"), a Georgia corporation. BellSouth is a widely held, publicly traded entity in which no person (foreign or domestic) is known to own five percent or more of the issued and outstanding stock.

BST, a Georgia corporation, is also a wholly owned subsidiary of BellSouth. BST provides local exchange telecommunications services in portions of nine southeastern states: Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.

² See, Exclusion List for International Section 214 Authorizations, Last Amended May 11, 1998, at <<<http://www.fcc.gov/ib/ttd/pf/exclusionlist.html>>>.

³ Section 271(j) of the Communications Act of 1934, as amended, 47 U.S.C. § 271(j), authorizes BellSouth and its subsidiaries and affiliates to terminate interLATA and international traffic within the BellSouth Region. See also, *Pacific Bell Communications Application pursuant to Section 214 of the Communications Act of 1934, as Amended, to Offer International Facilities-based Switched and Private Line Services from Out-of-Region States, Order, Authorization and Certificate*, DA 97-1928, File No. ITC-96-692, 12 FCC Rcd. 13723, 13726-727 (1997); and *Bell Atlantic Communications, Inc. and NYNEX Long Distance Company Applications for Authority pursuant to Section 214 of the Communications Act of 1934, as amended, to Provide Facilities-based Switched, Private Line, and Data Services between the United States and International Points, Order, Authorization and Certificate*, DA 97-285, File Nos. ITC-96-451 & ITC-96-520, 12 FCC Rcd. 1880, 1890-94 (1997).

GLC intends to obtain licensed United States common carrier and non-common carrier facilities, not appearing on the Exclusion List, to provide its international switched, private line and data services, which will be tariffed where required by law and Commission regulation.

Grant of the instant application will enhance competition in the international telecommunications market, thereby providing an additional service option for consumers. Such grant would be consonant with the aims of Congress expressed in the Telecommunications Act of 1996.⁴ For these reasons and those set forth below, GLC respectfully submits that the public interest, convenience and necessity will be served by grant of the requested authority.

As required by section 63.18 of the Commission's rules, 47 C.F.R. § 63.18, GLC submits the following information.

- (a) Global Leasing Company's address and telephone number are:
- 1100 Peachtree Street, NE
Suite 500
Atlanta, Georgia 30309-4599
(404) 249-4813
(404) 249-5074 (facsimile)

(b) GLC is organized under the laws of the State of Georgia.

(c) Correspondence concerning this application should be addressed to:

Vice President, Secretary and General Counsel
Global Leasing Company
1100 Peachtree Street, N.E.
Suite 400
Atlanta, Georgia 30309-4599
(404) 249-4426
(404) 249-4853 (facsimile)

⁴ Pub L. 104-104, 110 Stat. 56 (1996).

(d) GLC does not hold any section 214 authorization from the Commission.

(e)(1) In accordance with section 63.18(e)(1) of the Commission's rules, GLC seeks authority to provide facilities-based switched, private line, data, television and business services between the U.S. and all international points except countries which appear on the Exclusion List. More particularly, GLC requests authority to provide facilities-based switched, private line and data services: (i) originating from all points in the U.S., except the states in the BellSouth Region, and terminating at all international points, except within countries listed in the Exclusion List; and (ii) originating at all international points, except within countries listed in the Exclusion List, and terminating in the U.S. GLC will comply with the terms and conditions set forth in section 63.18(e)(1)(ii)(A)-(E) of the Commission's rules, 47 C.F.R. § 63.18(e)(1)(ii)(A)-(E). In that regard, GLC points out that, as disclosed to the Commission in previous filings,⁵ BellSouth affiliates are affiliated⁶ with certain foreign carriers⁷ in specific foreign countries as discussed in the following responses to section 63.18(h)(1) and (7) of the Commission's rules, 47 C.F.R. § 63.18(h)(1) and (7). However, as shown below, in the specific countries where GLC has an affiliation with a foreign carrier, GLC qualifies for non-dominant regulation pursuant to section

⁵ See, e.g., File Nos. ITC-97-645 and ITC-97-644, Overseas Common Carrier Section 214 Applications, Actions Taken, Report No.: I-8277, DA 97-2586, released Dec. 11, 1997; and File No. ITC-214-19980728-00520, Overseas Common Carrier Section 214 Applications, Actions Taken, Report No. TEL-00006, DA No. 98-1811, released Sept. 10, 1998.

⁶ Affiliation is defined in section 63.18(h)(1)(i) of the Commission's rules, 47 C.F.R. § 63.18(h)(1)(i).

⁷ Foreign carrier is defined in section 63.18(h)(1)(ii) of the Commission's rules, 47 C.F.R. § 63.18(h)(1)(ii).

63.10(a)(3) of the Commission's rules, 47 C.F.R. § 63.10(a)(3). Moreover, the Commission effectively determined that the foreign carriers discussed below lack sufficient market power in their respective markets to affect competition adversely in the U.S. market when it granted certain previously filed applications of BellSouth International, Inc. ("BSI"), BellSouth Long Distance, Inc. ("BSLD"), and BellSouth International Long Distance Services, Inc. (now BellSouth International ACCESS, Inc. ("ACCESS")).⁸

(e)(2) In accordance with the terms and conditions of section 63.18(e)(2) of the Commission's rules, GLC seeks authority to operate as a resale carrier of international services of authorized U.S. common carriers for the provision of international basic switched, private line, data, television and business services to all international points, except GLC only will originate such services from points in the United States outside the BellSouth Region. GLC acknowledges that it will comply with the terms and conditions set forth in section 63.18(e)(2)(ii)(A)-(D) of the Commission's rules, 47 C.F.R. § 63.18(e)(2)(ii)(A)-(D). In that regard, GLC points out that, as disclosed to the Commission in previous filings,⁹ BellSouth affiliates are affiliated with certain foreign carriers in specific foreign countries as discussed in the following responses to section 63.18(h)(1) and (7) of the Commission's rules. However, as shown below, in the specific countries where GLC has an affiliation with a foreign carrier, GLC qualifies for non-dominant regulation pursuant to section 63.10(a)(3) of the Commission's rules, 47 C.F.R. § 63.10(a)(3). Moreover, the Commission effectively determined that the foreign carriers discussed below lack

⁸ See, n.5, *supra*.

⁹ *Id.*

sufficient market power in their respective markets to affect competition adversely in the U.S. market when it granted certain previously filed applications of BSI, BSLD and ACCESS.¹⁰

(f) Not applicable.

(g) Not applicable. GLC is not seeking to provide facilities pursuant to section 63.18(e)(6) of the Commission's rules, 47 C.F.R. § 63.18(e)(6).

(h)(1) As disclosed in the previous filings by its affiliates BSI, BSLD and ACCESS referenced above, GLC is affiliated with certain foreign carriers as affiliation and foreign carrier are defined in section 63.18(h)(1)(i) and (ii) of the Commission's rules. *See* Exhibit A. However, as shown below in response to section 63.18(h)(7) of the Commission's rules, the Commission effectively determined that the foreign carriers discussed below lack sufficient market power in the international transport and the local access markets in their respective countries to affect competition adversely in the U.S. market when the Commission granted BSI's application File No. ITC-97-645, BSLD's application File No. ITC-97-644, and ACCESS's application File No. ITC-214-19980728-00520.¹¹

(h)(2) GLC is a wholly owned subsidiary of Holdings, a Delaware corporation, which, in turn, is a wholly owned subsidiary of BellSouth, a Georgia corporation. BellSouth is a widely held, publicly traded entity in which no person (foreign or domestic) is known to own five percent or more of the issued and outstanding stock. Holdings is headquartered at 1100 Peachtree Street, N.E., Suite 400, Atlanta, GA 30309-4599. BellSouth is headquartered at 1155 Peachtree Street,

¹⁰ *See*, n.5, *supra*.

¹¹ *Id.*

N.E., Atlanta, Georgia 30309-3610. There are no interlocking directors between or among GLC, Holdings and BellSouth.

(h)(3) GLC certifies that it may acquire some facilities through the resale of the international switched or private line services of another U.S. carrier. However, GLC does not have an affiliation with the U.S. carrier(s) whose facilities-based service(s) it proposes to resell (either directly or indirectly through the resale of another reseller's service).

(h)(4) GLC acknowledges that it is responsible for the continuing accuracy of the certifications required by paragraphs (h)(1) and (h)(3) of section 63.18. Whenever the substance of any such certification is no longer accurate, GLC shall as promptly as possible and, in any event, within thirty days, file with the Secretary of the Commission in duplicate a corrected certification referencing the FCC File Number under which the original certification was provided.

(h)(5) GLC respectfully submits that, as required by section 63.18(h)(5)(i) of the Commission's rules, it seeks authority to operate as a facilities-based international carrier to Argentina, Brazil, Chile, Ecuador, Israel, Peru and Venezuela, each of which is a Member of the World Trade Organization ("WTO"). GLC is affiliated with a foreign carrier in each of those countries as shown in the response to section 63.18(h)(7).

GLC also respectfully submits that, as required by Section 63.18(h)(5)(ii) of the Commission's Rules, it seeks authority to operate as a facilities-based international carrier to Denmark, Nicaragua, Panama and Uruguay, each of which is not a Member of the WTO. GLC is affiliated with a foreign carrier in each of those countries as shown in the response to section 63.18(h)(7). However, as delineated in the response to section 63.18(h)(7), GLC's affiliated

foreign carrier in each of those countries lacks sufficient market power in those countries to affect competition adversely in the U.S. market.

(h)(6) GLC respectfully submits that, as required by section 63.18(h)(6)(i) of the Commission's rules, it seeks authority to resell the international switched or non-interconnected private line services of another U.S. carrier for the purposes of providing international communications services to Argentina, Brazil, Chile, Ecuador, Israel, Peru and Venezuela, each of which is a Member of the WTO. GLC is affiliated with a foreign carrier in each of those countries as shown in the response to section 63.18(h)(7).

GLC also respectfully submits that, as required by section 63.18(h)(6)(ii) of the Commission's rules, it seeks authority to resell the international switched or non-interconnected private line services of another U.S. carrier for the purposes of providing international communications services to Denmark, Nicaragua, Panama and Uruguay, each of which is not a Member of the WTO. GLC is affiliated with a foreign carrier in each of those countries as shown in the response to section 63.18(h)(7). However, as delineated in the response to section 63.18(h)(7), GLC's affiliated foreign carrier in each of those countries lacks sufficient market power in those countries to affect competition adversely in the U.S. market.

(h)(7) GLC proposes to resell the international switched services of an unaffiliated U.S. carrier for the purpose of providing international communications services to Argentina, Brazil, Chile, Denmark, Ecuador, Israel, Nicaragua, Panama, Peru, Uruguay, and Venezuela, each of which is a country in which GLC has an affiliated foreign carrier as shown herein. GLC respectfully submits that the following showing demonstrates that it meets the standard set forth in section

63.10(a)(3) of the Commission's rules for GLC to qualify for non-dominant classification in the provision of such international communications to those countries.¹²

GLC, through BellSouth, is affiliated with four foreign carriers that have specific authority to provide international telecommunications service to the public in their countries: BellSouth Chile S.A. ("BCSA"), Otecel S.A. ("Otecel") (Ecuador), Dansk Mobiltelefon I/S d/b/a/ SONOFON ("SONOFON") (Denmark), and Tele 2000, S.A. (Peru).¹³ As shown herein, none has the ability to discriminate against unaffiliated carriers on the foreign end of a particular route because none has a 50 percent or more market share in the international transport and the local access markets in its respective foreign country.

BCSA is an indirect, wholly owned subsidiary of BellSouth. It operates in the Santiago and Region 5 concession areas of Chile. BCSA currently provides domestic and international long distance voice services to its cellular customer base, and to the local landline customer base via a code access process (a rudimentary form of equal access) and via customer delivery

¹² BellSouth has ownership interests in other carriers providing telecommunications services in foreign countries. However, BellSouth does not have an interest in or affiliation with any other foreign carriers as the terms affiliation and foreign carrier are defined in section 63.18(h)(1)(i) and (ii) of the Commission's rules, 47 C.F.R. § 63.18(h)(1)(i) and (ii), respectively.

¹³ BellSouth anticipates that in the very near future GLC's affiliated foreign carrier in Argentina, Compañía de Radiocomunicaciones Moviles S.A. ("CRM"), in which BellSouth holds an indirect 65% equity interest, will be awarded a long distance and an international authorization by Argentina. CRM, like most of GLC's affiliated foreign carriers in this hemisphere, is a licensed cellular carrier. Obviously, as a new entrant, CRM will not have a 50 percent or more market share in the international and the local access markets in Argentina upon its entry into those markets and could not hope to achieve such shares for many years to come. It will continue to be a non-dominant carrier in Argentina.

methods for corporate customers. BCSA's domestic long distance market share (in Chile) is less than 10%; this service is provided via resale facilities. BCSA's international long distance market share is less than 10%; this service is offered via satellite earth station and back-haul facilities. In addition, BCSA does not have the means, in terms of market share or resources, to control either transmission or switching bottleneck facilities. The telecommunications market in Chile is considered an extremely competitive oligopoly. The three largest long distance carriers in Chile (Entel, CTC and Telex Chile) account for approximately 80% of all originating international long distance minutes. Accordingly, BCSA lacks 50 percent or more market share in the international transport and the local access markets in Chile.

BellSouth currently holds an indirect 89.4% equity interest in Otecel, a cellular carrier licensed to provide service in Ecuador. Under the terms of its license, Otecel is allowed to provide national and international long distance services to its cellular customer base. Currently, Otecel does not use any international switching or transmission facilities and as such does not have the ability to control any bottleneck facilities. Otecel expects to lease capacity in such facilities in the future. However, even with the addition of that capability, it is unlikely that Otecel will ever attain more than a marginal market share in the Ecuador international telecommunications market. Thus, Otecel lacks 50 percent or more market share in the international transport and the local access markets in Ecuador.

BellSouth also owns an indirect 46.5% equity interest in SONOFON, a Danish cellular carrier. While SONOFON has the necessary licensing requirements to provide international

facilities-based telecommunications services to and from Denmark, SONOFON only recently began offering international services between Denmark and the United Kingdom using capacity leased from another international carrier. Considering the highly competitive nature of the Danish telecommunications market, it is unlikely that SONOFON will ever attain more than a 10% market share of the facilities-based Danish international telecommunications market, or be in a position to control international bottleneck switching and transmission facilities. As shown above, SONOFON lacks 50 percent or more market share in the international transport and the local access markets in Denmark.

BellSouth also owns an indirect 58.98% equity interest in Tele 2000, S.A. ("Tele 2000"), a Peruvian cellular carrier. Tele 2000 was granted very recently the necessary license to provide national and international telecommunications services to and from Peru. Tele 2000 has not begun offering international services between Peru and other countries. Currently, Tele 2000 does not use any international switching or transmission facilities and as such does not have the ability to control any bottleneck facilities. Tele 2000 expects to lease capacity in such facilities in the future and, indeed, may construct its own international gateway facilities by means of a satellite earth station. Clearly, as a new entrant, Tele 2000 lacks 50 percent or more market share in the international transport and the local access markets in Peru.

BellSouth also has equity positions in licensed wireless communications carriers in Argentina, Brazil, Chile, Israel, Nicaragua, Panama, Uruguay, and Venezuela. However, currently none of these affiliated carriers is authorized to provide international facilities-based communications services or to engage in the resale of such. These foreign carriers only have

authority to originate and terminate international communications, which are provided by other non-affiliated international telecommunications service providers. None has the ability to discriminate against unaffiliated carriers on the foreign end of a particular route because none has a 50 percent or more market share in the international transport and the local access markets in its respective foreign country. Furthermore, the customer base served by each of the affiliated carriers is so relatively small as to eliminate any concern about market power. In no instance do the subscribers served by the affiliate exceed 10% of the population for which the respective foreign affiliate is authorized to provide service. Thus, no affiliated foreign carrier possesses the ability to discriminate against other U.S. carriers in the origination or termination of traffic in its foreign market.

Exhibit A lists each of GLC's affiliated foreign carriers, the country in which each operates, and BellSouth's direct or indirect equity position in each.

For the foregoing reasons, it is respectfully submitted that the Commission should consider GLC to be non-dominant on the particular routes on which it has no foreign affiliates and on the particular routes where it has a foreign affiliate because no such foreign affiliate has the ability to discriminate against unaffiliated U.S. carriers in the countries where it provides telecommunications service. Moreover, the Commission effectively authorized non-dominant treatment of GLC's affiliates in granting previously filed applications of BSI, BSLD and ACCESS. Thus, the Commission's streamlined processing procedures should apply to the instant application.

(h)(8) With respect to non-dominant classification under section 63.10 of the Commission's rules, GLC certifies that it has affiliations with foreign carriers in Argentina, Brazil, Chile, Denmark, Ecuador, Israel, Nicaragua, Panama, Peru, Uruguay, and Venezuela, and that it desires to be regulated as non-dominant for the provision of international communications services to those countries. GLC respectfully submits that the showing above in response to section 63.18(h)(7) demonstrates that it qualifies for non-dominant classification pursuant to section 63.10 of the Commission's rules, 47 C.F.R. § 63.10.

(i) GLC certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses sufficient market power on the foreign end of the route to affect competition adversely in the U.S. market and will not enter into such agreements in the future.

(j) GLC certifies pursuant to sections 1.2001 through 1.2003 of the Commission's rules that no party to the application is subject to a denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853a.

(k) GLC respectfully submits that it qualifies for streamlined processing of the instant application pursuant to section 63.12 of the Commission's rules, 47 C.F.R. § 63.12, because, as shown above in response to section 63.18(h)(7), GLC qualifies for a presumption of non-dominance under section 63.10(a)(3) of the Commission's rules. Therefore, GLC meets the exclusion under section 63.12(c)(1)(i) of the Commission's rules, 47 C.F.R. § 63.12(c)(1)(i), that authorizes streamlined processing of the instant application.

Additionally, as required by the Commission for international carriers affiliated with Bell Operating Companies, GLC agrees to accept the following condition on the grant of the instant application:

IT IS ORDERED that any agreements that Global Leasing Company negotiates with foreign carriers to route U.S. inbound switched traffic to the BellSouth Telecommunications, Inc., in-region states via Global Leasing Company's authorized private lines are subject to our section 43.51(e) requirements.

CONCLUSION

For the reasons stated above, and the fact that grant of this application will enhance consumer choice and competition in international services, GLC respectfully submits that the instant application qualifies for streamlined processing pursuant to section 63.12 of the Commission's rules and grant of the instant application for global facilities-based and resale authority will serve the public interest, convenience and necessity.

Respectfully submitted,

GLOBAL LEASING COMPANY



Clifton D. McElveen
President

Global Leasing Company
1100 Peachtree Street, NE
Suite 500
Atlanta, Georgia 30309-4599
(404) 249-4813

February 12, 1999

EXHIBIT A

<u>LICENSED CARRIER</u>	<u>COUNTRY</u>	<u>BELLSOUTH EQUITY (%)</u>
Abiatar S.A.	Uruguay	46.0
BCP S.A.	Brazil	44.467
BellSouth Chile S. A.	Chile	100.0
BellSouth Comunicaciones S.A.	Chile	100.0
BSC de Panama S.A.	Panama	42.025
BSE S.A.	Brazil	45.999
CellCom Israel Ltd.	Israel	34.75
Compañía de Radiocomunicaciones Moviles S.A.	Argentina	65.0
Dansk Mobilttelefon I/S d/b/a/ SONOFON	Denmark	46.5
Otecel S.A.	Ecuador	89.4
Telcel Celular C.A.	Venezuela	78.1565
Telefonia Celular de Nicaragua, S.A.	Nicaragua	49.0
Tele 2000, S.A.	Peru	58.98