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Federal Communications Commission
Office of Secretary

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

In the Matter of)
)
AFRISPACE, INC.)
)
Application for Authority to Launch)
and Operate a Replacement Satellite,)
AfriStar-2, at 21° E.L. and to Co-locate)
It with AfriStar-1)

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Policy Branch
International Bureau

To: Office of the Secretary
Attn: Commission

**DELPHI REPLY IN SUPPORT OF
ONDAS APPLICATION FOR REVIEW**

Delphi Corporation (Delphi), pursuant to Section 1.115(d) of the Commission's Rules, hereby files its reply in support of Ondas Media SA's (Ondas) Application for Review of the Bureau's January 3, 2006, *Order and Authorization*¹ in this docket granting AfriSpace, Inc. (AfriSpace) authority to launch and operate a new satellite, AfriStar-2, for the provision of Broadcasting Satellite Service (sound) (BSS sound) to Europe and Africa in the 1452-1492 MHz band.

As a strategic investor in, and technology provider for, Ondas,² Delphi is concerned that the *AfriStar-2 Order* appears to unfairly enlarge AfriSpace's operating rights (particularly in regard to parts of Europe) and thus prejudices the ability of Ondas to compete in the European satellite radio market. Delphi, therefore, encourages the Commission to review the Bureau's decision carefully, taking into account not only the legal matters raised in Ondas' Application for

¹ AfriSpace, Inc., *Order and Authorization*, DA 06-4, released January 3, 2006 ("*Afristar-2 Order*").

² See e.g., "Delphi Bets on New Satellite Market" by Sarah McBride, *Wall Street Journal*, January 4, 2006, p. B5.

Review, but also the impact of the decision on Delphi, its investment in Ondas, and its American workforce.

Headquartered in Troy, Michigan and with annual revenues of approximately \$28 billion, Delphi is one of the world's largest suppliers of electronic components, systems, and modules for vehicle manufacturers. Delphi (through its affiliation with General Motors) has been producing radios since 1936 and has produced more than 270 million receivers since its inception. Delphi has also been the first in a number of new radio technologies including: the first radio installed in the instrument panel of a vehicle; the introduction of DVD rear seat entertainment, electronic tuning, and MP3 playback; and the first factory installed mobile satellite radio. Delphi is proud of its history as one of the premier U.S. manufacturing companies and expects to continue its contributions to the U.S. economy by delivering innovative products to the automotive industry.

Since 2002, Delphi has also become the leading supplier of satellite radio terminals to the U.S. consumer market, supplying more than 9 million receivers through 2005. Delphi leads the market in supplying satellite receivers with more than 10 original equipment manufacturer (OEM) customers, including General Motors, DaimlerChrysler, Ford, Honda, Audi, Volkswagen, Porsche, Mercedes, and Pana-Pacific. In addition, Delphi recently won a substantial portion of the satellite receiver business for Hyundai and it is about to begin manufacturing satellite radio receivers for the Canadian market. Due in large part to Delphi's investment in the satellite radio industry, it maintains a significant number of high tech jobs for American workers while also providing jobs globally. Delphi hopes to significantly increase these numbers through its relationship with Ondas and its investment in the European satellite radio market.

The European market for satellite radios is nascent compared to the more mature U.S. market, but it has significant potential. In terms of population (approximately 600 million) and households (approximately 200 million) the potential European market for satellite radio is twice that of the U.S. In terms of mobility, the total number of registered vehicles in Europe is approximately the same as the number in the U.S. (230 million in Europe vs. 210 million in the U.S.). A 2003 market outlook report by Tellus Venture Associates predicts that within 5 years of launch a European satellite radio system could have as many as 8 million subscribers.³ Based on this and other market research, Delphi believes that the market for satellite radio in Europe is equally as promising as the U.S. and it is committed to working with Ondas to introduce competitive satellite radio service to Europe by 2009.

The introduction of satellite radio in Europe and its expansion worldwide will have significant benefits for American workers and consumers. As the demand for Delphi's products continue to grow, Delphi anticipates that it will add a significant number of new positions to its workforce. In addition, American consumers will benefit through economies of scale: the greater the worldwide volume of units that Delphi produces, the lower the average price consumers are likely to pay.

The *AfriStar-2 Order*, however, may adversely impact the future business plan of both Ondas and Delphi. It is essential, therefore, that the Commission closely scrutinize the Bureau's action and, on review, take such action as may be needed to ensure that a level playing field is preserved for all potential BSS providers. The Bureau should not be permitted to waive the BSS processing rules to benefit one provider to the detriment of another provider and its American investors.

³ Stephen A. Blum, *Can WorldSpace Fill In the European Gap?*, Satellite News, August 18, 2003.

As more fully explained in Ondas' Application for Review, the Bureau's decision appears to be wholly inconsistent with the Commission's licensing rules for Non-GeoStationary Orbit (NGSO)-like satellites, such as AfriStar-2, which require the Bureau to invite competing license applications to use the radio spectrum and to consider them concurrently with any initial license application. Moreover, Ondas has shown that the Bureau's decision to waive its established satellite processing rules for AfriStar-2 was based on flawed engineering grounds, unsupported by prior precedent, and contrary to the public interest. Ondas and Delphi already face significant regulatory hurdles in Europe and they should not be prejudiced by an arbitrary decision of the FCC's International Bureau. Therefore, Delphi urges the Commission to grant the relief requested in Ondas' Application for Review.

Respectfully submitted,



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February 27, 2006

CERTIFICATE OF SERVICE

I, John T. Anderson, hereby certify that on this 27th day of February, 2006, copies of the foregoing "Reply" were sent via first-class mail, postage prepaid, to the following:

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