

January 16, 2007

Ms. Gloria Blue  
Executive Secretary  
Trade Policy Staff Committee  
ATTN: Section 1377 Comments  
Office of the United States Trade Representative  
600 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20508

**Re: USTR Section 1377 Request for Comments Concerning Compliance with  
Telecommunications Trade Agreements**

Dear Ms. Blue:

On behalf of General Electric and our affiliate the Telemundo Network, I appreciate this opportunity to submit comments pursuant to 71 Fed. Reg. 66,563 (November 15, 2006) regarding Section 1377 of the Omnibus trade and Competitiveness Act of 1988 (compliance with U.S. telecommunications trade agreements).

Telemundo—a wholly owned subsidiary of NBC Universal—is the second leading producer of Spanish language content in the world. Telemundo reaches U.S. Hispanic households throughout the U.S., but it is not seen on Mexican television. A very strong duopoly of Televisa and TV Azteca controls 95+% of the Mexican broadcast television market.

There is a significant body of Mexican public opinion that would support a third network in Mexico because it would enhance choices for Mexican consumers, create additional jobs and, at the same time, widen opportunities for diversity in programming.

Both Televisa and TV Azteca enjoy access to the U.S. broadcast market--Televisa through its relationship with Univision and TV Azteca through its operation of a US-based network called Azteca America.

For several years, Telemundo has been pursuing various avenues to enter the Mexican television broadcast market. In 2006, Telemundo entered into a strategic alliance with Grupo Xtra –a Mexican company--for the purpose of pursuing TV production and broadcast opportunities in Mexico. The resultant entity—Palmas 26—has been approved by the Mexican Foreign Investment Commission, meaning it is fully consistent with all relevant Mexican laws.

With the convergence of information technology media, we believe that WTO principles regarding the efficient management of spectrum apply to broadcast as well. There are indications that Mexico has made progress in this area. Under Mexico's 2006 Television Reform Law, the award of broadcast spectrum is no longer a matter of Presidential discretion. Instead, the process has been transferred in part to the independent Comision Federal de Telecomunicaciones (COFETEL). Mexico's Competition Commission will also play a role in this process.

Palmas 26 has advised COFETEL of our interest in participating in any competition for the award of new broadcast spectrum. A decision to auction spectrum for a third network—conducted by COFETEL using the process contemplated by the new federal TV Law-- would signal significant progress toward opening the Mexican broadcast market.

It is our hope and expectation that COFETEL regulatory procedures relating to allocation and auction of broadcast spectrum will adhere to WTO principles regarding transparency, non-discrimination and reasonable time periods for completion. We welcome cooperative activities between U.S. and Mexican regulatory and telecommunications policy bodies toward this end.

Sincerely,

A handwritten signature in black ink that reads "R. Michael Gadbow". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

R. Michael Gadbow