

GE

R. Michael Gadbow
Vice President, Sr. Counsel
International Law & Policy

December 28, 2007

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
ATTN: Section 1377 Comments
Office of the United States Trade Representative
600 17th 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 72 Fed. Reg. 65109 (November 19, 2007) 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.

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.

In 3Q 2007, Telemundo inaugurated production in studios and locations in the south of Mexico City. Establishment of the studio represents an initial investment of more than \$20 million by Telemundo. In its first year, the studio is expected to produce about 240 hours of programming and employ over 150 Mexican artists and technicians. Under current conditions of competition in Mexico, Telemundo will have no opportunity to air these programs on Mexican television and Mexican viewers will not have access to these programs.

The Section 1377 report for 2007 expressed a positive view of Mexico's revised Radio and Television Law (the "Law") that included a procedure for granting new licenses for television and radio through a public bidding process. During the past year, however, Mexico's Supreme Court declared several provisions of the new Law unconstitutional, requiring extensive legislative modifications before the new system can be implemented. The Mexican Congress is currently considering revised legislation.

The process of revising the "Law" presents an important opportunity to create a competitive environment for radio and television in Mexico. To be maximally effective in this regard, the revised law should incorporate the following features:

- Bidding procedures and terms that will permit establishment of new national networks
- Deadlines by which the Secretaría de Comunicaciones y Transportes (SCT) and Federal Telecommunications Commission (COFETEL) must complete auctions of available broadcast channels in a manner that will foster the creation of new national networks
- Clear role for Federal Competition Commission (COFECO) as a decision maker in determining bidding procedures and bidding winners.
- Level playing field on rights payments
- More clearly defined roles and regulatory authorization for the SCT and COFETEL
- Measures to accelerate digital conversion and clear rules for the return of analog spectrum
- Must carry and must offer disciplines for cable operations.

Sincerely,

A handwritten signature in black ink that reads "R. Michael Gadbow". The signature is written in a cursive, flowing style.

R. Michael Gadbow