STATEMENT OF
COMMISSIONER JONATHAN S. ADELSTEIN
CONCURRING

Re: Annual Report and Analysis of Competitive Market Conditions with Respect to Domestic and International Satellite Communications Services; First Report; IB Docket No. 06-67

It is significant that Congress has tasked the Commission with preparing an annual report on competition in the markets for domestic and international satellite communications services (Report). I am always pleased to put a spotlight on the satellite industry and on how satellites improve our daily lives and our nation's productivity.

Since arriving at the Commission, I have had a front row seat viewing the many key ways our country is served by satellite technology. When I spoke to the inaugural ISCe Satellite Investment Symposium in New York this past November I talked about the transformation across all segments of the industry during the past couple of years. This truly has been a significant time for satellite services, whether you consider the several mergers and acquisitions in the FSS sector; tracking the continued growth and challenges facing DBS and satellite radio providers; or considering the future of current and next generation mobile satellite system providers and their future ancillary terrestrial networks. And of course, there's an increasingly critical role for satellites in ensuring our troops have the best access to communications possible whether in training or actual deployment. While we do not necessarily touch on all of these elements in the Report, the document does a good job of describing the transformation of the satellite market over the past several decades.

While I do not necessarily disagree with many of the conclusions in this first Report, I concur in this item because I am concerned with the picture of competition presented in the document. For example, I am concerned that we lack the level of data granularity that would normally be associated with a competition report. This shortcoming may be a result of the effort to define specific domestic and international markets. Also, I previously raised a concern with the status of competition in the fixed satellite service market in my concurrence to the Intelsat and Panamsat merger. At that time, I noted that post-merger two companies will control approximately 80% of the transponder capacity sales market in North America. As our Report today relies on data collected prior to both the Intelsat/Panamsat and SES/New Skies mergers, I think it is important to look for next year's Report to see the impact of consolidation on this market. Finally, I think we would be well served by including HHI data for the wholesale markets in the Report. While I understand that HHI data for wholesale markets may not have the same significance as HHIs in the mass market, I think the Report would be more complete if the information was included. HHIs can be another important data point for tracking competition in the wholesale markets as this Report becomes an annual Commission release.