

## STATEMENT OF COMMISSIONER AJIT PAI

*Re: Review of Foreign Ownership Policies for Common Carrier and Aeronautical Radio Licensees under Section 310(b)(4) of the Communications Act of 1934, as Amended, IB Docket No. 11-133.*

As today's item observes, "foreign investment has been . . . an important source of financing for U.S. telecommunications companies, fostering technical innovation, economic growth and job creation."<sup>1</sup> We are lucky to have this inflow of capital, for it is a truth universally acknowledged that constructing next-generation networks requires possession of a good fortune.<sup>2</sup> In 2011, for example, wireless companies poured over \$25 billion into building and upgrading their networks.<sup>3</sup>

This makes it critical that the United States remain the most attractive place in the world for investment in the communications industry. By reducing regulatory costs and burdens for common carrier radio station licensees, the measures contained in this *Second Report and Order* will help us achieve that goal, and I am therefore pleased to support it.

But today's effort cannot be a coda. When it comes to foreign investment, one aspect of the Commission's policies still demands reexamination and revision. Currently, we have a *de facto* ban on any foreign investment in a U.S. broadcast holding company that exceeds a 25 percent benchmark. Under our rules, then, a foreign company can indirectly hold more than a quarter share in our nation's largest cable operators, cable programmers, wireline carriers, wireless carriers, Internet backbone providers, and satellite video providers. Yet that company cannot own a similar interest in a single AM radio station in a small, rural town. As I have pointed out before, this makes no sense.<sup>4</sup> It is long past time for us to level the regulatory playing field.

Foreign investment can pave the way for growth and innovation in broadcasting, just as it has done for other segments of the communications industry. That's why the Coalition for Broadcast Investment asked the Commission last year to modernize our current policy and evaluate foreign investment on a case-by-case basis. In February, the Media Bureau put the Coalition's proposal out for comment. We received the first round of feedback on Monday. Even at this early stage, the support for permitting additional foreign investment is overwhelming.

It might not be a surprise that industry groups, such as the National Association of Broadcasters, support these investments. But it is notable that at least thirty-one national minority and civil rights organizations do too, including the League of United Latin American Citizens, the Rainbow PUSH Coalition, the National Black Caucus of State Legislators, the Asian American Chamber of Commerce, and the Minority Media and Telecommunications Council. As these groups put it, "To reverse the decline in minority broadcast ownership, one of the most significant steps the Commission could take is to relax its strict application of Section 310(b)(4) of the Communications Act . . . . By relaxing its restrictions on

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<sup>1</sup> *Second Report and Order*, para. 3.

<sup>2</sup> Cf. Jane Austen, *Pride and Prejudice* 1 (1813).

<sup>3</sup> *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless, including Commercial Mobile Services*, WT Docket No. 11-186, Sixteenth Report, FCC 13-34, at Table 33 (rel. Mar. 19, 2013).

<sup>4</sup> See, e.g., Remarks of Commissioner Ajit Pai before the NAB Radio Show at 5–6 (Sept. 19, 2012), available at <http://go.usa.gov/Tj2G>; Statement of Commissioner Ajit Pai on Modernizing Approach to Foreign Investment in Broadcast Stations (Feb. 26, 2013), available at <http://go.usa.gov/TjTC>; Statement of Commissioner Ajit Pai, Hearing Before the United States Senate Committee on Commerce, Science, and Transportation, "Oversight of the Federal Communications Commission" at 9 (Mar. 12, 2013), available at <http://go.usa.gov/TjTW>.

foreign investment in broadcasting, the Commission would greatly assist minority broadcasters whose survival depends on their ability to grow domestically and internationally.”

The comment cycle on the Coalition’s proposal will end on April 30, and I hope that the Commission will take action soon thereafter. By ending our anachronistic approach to foreign investment, we can bring new vitality to the broadcasting industry. We can increase access to capital. And we can help boost minority ownership.

In closing, I would like to thank the staff of the International Bureau for their work on today’s item and for their ongoing efforts to review foreign ownership applications. In particular, the Commission’s long-time foreign ownership expert, Susan O’Connell, merits special recognition. Much of today’s item reflects the knowledge and wisdom that Susan has developed through her years of experience with these issues.