June 9, 2017

Comments of the Satellite Industry Association in NAFTA Negotiations
Docket number USTR-2017-0006

Introduction

The Satellite Industry Association[1] (SIA) welcomes the opportunity to comment on the North American Free Trade Association (NAFTA) negotiations. The U.S. satellite industry, which globally has over $300B in revenue in and over $90B in the United States (2016), is particularly interested in this agreement, as it will further ensure that the industry can continue to increase its revenue and job growth through the provision of service and products throughout North America. With over 210,000 satellite-related jobs in the United States, it is critical, as satellite services and manufacturing markets are seeing increased competition globally, that the trade agreements the United States enter ensure the continued growth of this industry. Accordingly, ensuring fair trade practices and a fair, balanced and transparent regulatory environment throughout North America is likewise essential to ensuring that the U.S. satellite industry continues to thrive and innovate.

Benefits of the United States Satellite Industry

Satellites and their applications are a key component of modern society. Their ubiquity enables and enhances our security, expands our economy, provides broadband connectivity for U.S. communities and to the world, and fosters innovation.

Today the U.S. satellite industry provides throughout North America a number of critical services to consumers, governments, and enterprises. This includes direct to home and fixed satellite services as well as remote sensing data products. Advanced satellite

[1] The Satellite Industry Association is a Washington D.C. based trade association representing the leading global satellite operators, service providers, and ground equipment suppliers. The SIA Executive Members include The Boeing Company; AT&T Services, Inc.; EchoStar Corporation; Intelsat S.A.; Iridium Communications Inc.; Kratos Defense & Security Solutions; Ligado Networks; Lockheed Martin Corporation; Northrop Grumman Corporation; OneWeb; SES Americom, Inc.; Space Exploration Technologies Corp.; SSL; and ViaSat Inc. SIA Associate Members include ABS US Corp.; Artel, LLC; Blue Origin; DataPath, Inc; DigitalGlobe Inc.; DRS Technologies, Inc.; Eutelsat America Corp.; Global Eagle Entertainment; Glowlink Communications Technology, Inc.; Hughes; Inmarsat, Inc.; Kymeta Corporation; L-3 Electron Technologies, Inc.; O3b Limited; Panasonic Avionics Corporation; Planet; Semper Fortis Solutions; Spire Global Inc.; TeleCommunication Systems, Inc.; Telesat Canada; TrustComm, Inc.; Ultisat, Inc.; and XTAR, LLC. For more information on SIA, see www.sia.org.

technologies enable flexibility in communications over mobile platforms, connect large spanning enterprise systems, and bring information and a lifeline during a disaster response. They also deliver to consumers in the most rural regions of North America high speed broadband services at their homes, school and businesses. Another key element is the manufacturing of accompanying satellite ground systems, where U.S. manufacturers design and build both components and equipment that make the final connection for customers.

Proposals for Consideration in the Renegotiated North American Free Trade Agreement

A. Performance-based Trade Barriers for Satellite Services

SIA strongly encourages USTR to prohibit the following trade barriers which create performance demands on U.S. satellite services in Canada and Mexico.[2] These include the following;

i. Foreign ownership limits on satellite and telecom licenses. Such requirements impose administrative burdens on licensees by limiting their ability to structure their businesses as makes the most sense.

ii. Geographic coverage requirement for satellites. At times there are requirements imposed on satellite operators to provide coverage of certain geographic areas, even when such a requirements is not needed to meet the business case of a satellite operator. In such cases, this may require a satellite operator to reconfigure its service in a manner that limits its ability to structure its service offerings in a manner that make the most sense.

iii. Requirements to provide a percentage of capacity for domestic commercial or government use. Any requirements that require a satellite operator to reserve its satellite capacity for a required use can jeopardize the ability of that operator to provide service to users who need it most.

iv. Local presence or use requirements for data centers, primary or secondary facilities, gateways, local technology, control centers, and similar facilities. Requiring satellite operators to have unnecessary facilities impose unnecessary

[2] SIA Member Telesat Canada does not endorse these recommendations for performance based trade barriers.

costs and administrative burdens on operators. In fact, such requirements are usually unnecessary but are imposed simply for control or national preference purposes.

v. Policies and rules that require certain types of traffic to be carried on domestically flagged satellites. By limiting the types of services that can be carrier on satellites that are not considered "domestic" satellites, countries are acting in a discriminatory manner against foreign operators.

B. Added Costs and Tax-based Trade Barriers for Satellite Services and Products

The satellite industry brings into service some of the most capable technologies today. This requires high upfront capital costs and investments in the billions of dollars range for a satellite network. Increasing costs in the licensing process, or imposing tax measures that increase the costs of components slows down growth of an industry that is bringing connectivity to consumers, businesses, and government. The following are specific cost and tax-based policies which the USTR should seek to limit during the re-negotiation of NAFTA.

i. SIA is strongly opposed to the collection of non-cost based fees and payments for the granting of satellite spectrum licenses. Such fees are inconsistent with the international nature of satellite communications where satellite networks can provide service globally and are regulated both domestically and through the International Telecommunication Union. This process includes coordination with other satellite operators and Administrations. Injecting spectrum such non-cost based fees into this process not only complicates this global coordination effort, but would set a harmful precedent which may lead to less competition, driving away options for connectivity.

   Further, such fees and payments are not an effective incentive to promoting satellite spectrum efficiency. The high upfront capital costs of satellites have always been a strong incentive to use spectrum efficiently and new products, service, and technologies have been developed to maximize allocated spectrum through frequency reuse and shared spectrum with other satellite networks. These types of technological investments may be hampered if financial resources are diverted towards paying these fees and payments. The best way to ensure spectrum is being used efficiently is through reliable spectrum management policy, and not to as a revenue generator which carries an added danger of international discriminatory practices.

ii. SIA is similarly opposed to the imposition of taxation or trade measures that result in the increased costs of importing parts, components, sub-systems or systems. These measures may discourage the production of a higher-level assemblies or the final integration of a sophisticated product in the United States and should be avoided. Failure to do so will increase the costs of products assembled or integrated in the United States.

C. Other Barriers to Trade in Services

In order to ensure that satellite operators are able to provide ubiquitously deployed services, it is critical that the licensing regimes across North America should be transparent and enable the rapid deployment of services. Accordingly, the USTR should consider requiring NAFTA members to implement blanket licensing for transmit and receive earth stations. The requirement will dramatically decrease costs and administrative burdens on satellite operators.

D. Trade Facilitation Through Standards

Finally, in order to enable greater trade of satellite equipment, components and parts, it is critical that the NAFTA agreement provide for the mutual recognition of standards and certification bodies for type approval. Failure to address this issue could result in an uneven regime slowing the export and import of equipment, components and parts required to provide satellite service throughout the Americas.

Conclusion

SIA appreciates the opportunity to provide comments in this important proceeding. North America is a critical market for satellite services and products for SIA's member companies. By negotiating an agreement that provides fair protections for the U.S. satellite industry, the USTR will be assisting in increasing productivity and job creation of the industry.

Sincerely,

/s/
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President
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