



January 22, 2007

Ms. Gloria Blue,  
Executive Secretary, Trade Policy Staff Committee,  
Attn: Section 1377 Comments,  
Office of the United States Trade Representative,  
1724 F Street, NW.,  
Washington, DC  
20508.

**Re: Comments to Section 1377 Reply Comments of TIA**

Dear Ms. Gloria Blue,

On behalf of Videsh Sanchar Nigam Limited ("VSNL"), I am responding to the points raised by the Telecommunications Industry Association ("TIA") vide their reply response dated January 16, 2007. We would also point out that TIA has violated the spirit of the Section 1377 consultation process by raising new issues instead of responding to existing comments, as specified by the Federal Notice dated November 15, 2006. We request the USTR to incorporate our comments below to clear any misconception raised by the reply comments of TIA.

*First*, the statement that VSNL controls all but one of the cable landing stations in India is factually incorrect. According to a recent TRAI document, there are three major players (Bharti, Reliance and BSNL) other than VSNL in the Indian market owning cable landing stations in different parts of the country<sup>1</sup>. The document also points out that in addition to VSNL, Reliance also owns a landing station at Mumbai. India has over 18 terabits of design capacity and nearly 650Gbps of equipped capacity, of which we believe only about 100Gbps, is currently utilized. Significantly, nearly 67% of design capacity and 56% of equipped capacity in India is available at cable stations other than those owned by VSNL.

*Second*, the statement that there are only six carriers in India holding ILD licenses is factually incorrect. There are Ten (10) operators who hold valid ILD licenses in India as of December 2006<sup>2</sup>. Six operators have taken licenses in India in recent months after the liberalization of the ILD license conditions. We understand that several other applications are pending processing by the Department of Telecommunications.

<sup>1</sup> <http://www.trai.gov.in/trai/upload/ConsultationPapers/100/cons22dec06.pdf>

<sup>2</sup> <http://www.dot.gov.in/ild/Providerild.doc>

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*Third*, the statement that VSNL delays or limits the availability of undersea cable capacity to and from India is not supported by any evidence. With all major operators having access to their own terabit cables and cable landing stations, the question of the Indian market being capacity-constrained does not arise.

*Fourth*, TIA presents no support to its statement that VSNL is preventing upgradation of cables landing in India. Other than the FLAG – VSNL commercial dispute on upgrade, which has since been resolved, there has never been an issue regarding upgrades to existing cables. It is unfortunate that a dis-interested neutral industry association like TIA has chosen to comment on and get involved in a commercial dispute between two private telecom players.

It is unfortunate that TIA has misused the USTR's transparent dialogue process for submitting factually incorrect and outdated information, disguised as "reply comments". We would appreciate it if our additional reply comments are considered by the USTR before finalizing the Section 1377 Report. We would be happy to provide any additional information / clarification and look forward to working with you on telecommunications policy issues.

Sincerely,

A handwritten signature in black ink, appearing to read 'Srinivasa Addepalli', is written over a horizontal line.

(Srinivasa Addepalli)

Vice President – Corporate Strategy