



An open letter to all Canadians

Bell Canada is taking the unusual step of writing to all Canadians today. As the nation's longest-serving telecommunications company, established shortly after Confederation in 1880, we would like to ensure Canadians clearly understand a critical situation impacting their world-leading wireless industry.

Verizon Communications, a \$120-billion US telecommunications giant with 100 million wireless customers, is considering entering the Canadian market. A company of this scale certainly doesn't need handouts from Canadians or special regulatory advantages over Canadian companies. But that is exactly what they get in the new federal wireless regulations.

Bell welcomes any competitor, but they should compete on a level playing field. Fair competition is something Canadians demand and something Bell expects fair after 133 years of investment in delivering world-class communications services to Canadians.

Unintended advantages for American giants: How we got here

The federal government has recently taken an activist role in regulating Canada's wireless industry. That includes giving various benefits to small startup wireless competitors. With Ottawa's help, the new companies have become part of the vigorously competitive Canadian wireless marketplace.

But the government inadvertently left holes in the wireless rules that would give big US corporations the same extraordinary advantages as the small startups. And all Canadians are on the hook to pay.

Verizon has said it's looking at taking advantage of the large opportunity. We do not believe a US company, 4x the size of Canada's entire wireless industry combined, requires special help from Canada. It's profoundly unfair to all Canadians, and Ottawa needs to close the loopholes.

3 loopholes in the rules

Under federal regulations originally designed for startup competitors, Verizon would actually get these benefits:

- 1 **Verizon would be able to buy twice as much of Canada's airwaves as Canadian companies like Bell can** in an upcoming auction of wireless spectrum – the airwaves that carry your calls and data.

These airwaves are a public resource, and access to them is critical to providing you with world-leading wireless services. When Ottawa auctions off Canada's airwaves for use by telecommunications companies, it gets significant revenues. These are public funds. It is inappropriate for our own government to essentially reserve a public resource for a company like Verizon to the detriment of Canadian companies. In doing so, the government will also reduce federal auction revenue significantly – by potentially hundreds of millions of dollars. A loophole that gives US companies access to twice as much of our airwaves and at a lower cost is an unfair advantage paid for by Canadians.

- 2 **They get to piggyback on the networks of Canadian carriers wherever they don't want to invest and build their own.**

Under the rules, Verizon would have the right to offer wireless service using the advanced networks funded by Canadian companies and built by Canadian workers. Industry experts say Verizon wouldn't need to build its own network throughout Canada, invest in Canada's rural communities, or support Canadian jobs like Canadian wireless companies do. Instead, they would concentrate on a few big urban centres, forcing Canadian carriers to do the same while potentially cutting jobs and slashing costs in order to compete.

- 3 **Verizon can acquire smaller Canadian competitors – but Bell and other Canadian wireless companies can't even try.**

American players like Verizon can buy up new Canadian wireless companies like Wind Mobile and Mobilicity at cut-rate prices – including their existing spectrum holdings previously subsidized by Canadian taxpayers. Yet Canadian carriers like Bell are restricted from competing to acquire these Canadian startups, even if the new companies want it to happen. That means Verizon gets them for below-market value.

What did Ottawa get from the United States in return for this unprecedented access to Canada? Nothing. No reciprocity in the US for Canadian companies. In fact, China gets even more Canadian wireless companies getting preferred access to New York, Los Angeles or Chicago?

3 straightforward ways to close the loopholes

The Bell team is ready to compete with anyone for open business on a level playing field. But big US companies taking advantage of rules designed to help Canadian startups is just not on the level.

To get wireless playing field on track, we propose that:

- 1 **Canadian wireless carriers should be able to bid for the same amount of Canada's airwaves as Americans can.**
- 2 **US operators entering Canada should roll out wireless service across the country, just as Canadian companies have.**
- 3 **If a small Canadian wireless company seeks a buyer, Canadian carriers should be allowed to bid, just as the Americans can.**

US giants don't need special help from the Canadian government, and Canadians shouldn't have to pay their way into the country. Instead, let's give Canada's own communications companies a fair chance to compete with them.

Sincerely,

George Cope, President and CEO, Bell Canada (1880)

To learn more about this situation, please visit Bell.ca/PlayFair