



July 30, 2010

**Filed electronically**

**Industry Canada**

c/o Director General, Telecommunications Policy Branch  
16<sup>th</sup> Floor  
300 Slater Street  
Ottawa, Ontario  
K1A 0C8

Dear Sirs:

**Re: Submission of Cogeco Cable Inc. (“Cogeco Cable”) in response to Industry Canada’s Consultation Paper Entitled: “Opening Canada’s Doors to Foreign Investment in Telecommunications: Options for Reform” (the “Consultation Paper”)**

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1. We are pleased to file this submission in response to Industry Canada’s Consultation Paper.
2. Cogeco Cable is a Canadian business corporation with subordinate voting shares listed on the Toronto Stock Exchange (CCA), and it is ultimately controlled by Mr. Henri Audet and members of his family. Mr. Henri Audet, a Canadian broadcasting and cable industry pioneer, founded the business in 1957.
3. Cogeco Cable, a cable telecommunications company, owns and operates wireline broadband telecommunications facilities and provides a wide range of Internet, voice, data, video and related services in the Provinces of Ontario and Québec in Canada, as well as in the Republic of Portugal. It is the second largest cable system operator respectively in the Provinces of Ontario and Québec, based on the number of basic cable customers served. Cogeco Cable provides services to both residential and business customers.
4. Cogeco Cable has approximately 2,300 full time equivalent employees in Canada, providing valuable jobs in both Ontario and Québec in the key area of information and communications technologies, and its activities contribute directly and significantly to Canada’s digital economy.

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**Cogeco Cable Inc.**

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5. As at May 31, 2010, Cogeco Cable served 874,000 basic cable, 550,000 high speed Internet (HSI), 542,000 digital television and 341,000 telephone customers in Canada. In addition to its hybrid fibre coaxial local (HFC) distribution plant in the various communities it serves, Cogeco Cable owns and operates an extensive, state-of-the-art fibre optic broadband network in the Provinces of Ontario and Québec, extending from Windsor to the tip of the Gaspé Peninsula.
6. Cogeco Cable's subsidiary Cogeco Data Services provides to its commercial customers data networking, e-business applications, video conferencing, hosting services, Ethernet, private line, VOIP, HSI access, dark fibre, data storage, data security, co-location services and other advanced communications solutions.
7. Cogeco Cable successfully competes with a variety of wireline and wireless broadband telecommunications service providers, including very large integrated telecommunications service providers such as Bell Canada and Telus in Canada, and Portugal Telecom and Zon Multimedia in Portugal.
8. Cogeco Cable does not hold a market share in any of the relevant markets and services which would allow it to exercise any market power. All of its business activities are intensely competitive, and the degree of competitive intensity is increasing very fast both in Canada and in Portugal.
9. We appreciate the opportunity provided, through Industry Canada's consultation process, to participate in the discussion on liberalisation of the rules applicable to foreign investment in the Canadian telecommunications sector.
10. First, we must emphasize that Canadians have been successful in developing world-class enterprises with state-of-the-art facilities in the telecommunications sector extending throughout Canada, a vast landmass with low population densities compared to most other countries in the world. This was achieved at considerable effort and expense over more than a century. **It is critically important in our view that Canadians continue to be involved in the ownership and operation of their own telecommunications sector in a meaningful way while benefiting from increased competition and innovation.**
11. Second, we caution the Government of Canada against a wholesale and sudden repeal of all limitations on foreign ownership currently applying to this sector of our economy, without any possibility of government review or oversight. There is considerable merit in a more cautious, phased approach that would allow the government to evaluate the actual flow of foreign capital and the behaviour of foreign investors and the Canadian entities in which they invest. Canada should not in our view send unilaterally to the rest of the world a signal that its domestic telecommunications sector is unconditionally up for sale.
12. Third., we believe that foreign players that would intend to be involved in the ownership and operation of telecommunications facilities in Canada should be evaluated as to their degree of independence from foreign states, whether through sovereign funds, golden shares, state financial assistance, or other means. Our experience with our investment in telecommunications facilities in the Republic of Portugal, where the principle of open entry

for foreign capital is officially recognized under domestic and EU law, has shown that domestically-owned and controlled incumbents are closely aligned with, sheltered and favoured by government policies and actions at the expense of foreign-owned new entrants. **We should therefore not automatically open our doors to foreign capital that is not fully independent from foreign government interference.**

13. Fourth, the issue of security and privacy of our domestic telecommunications is also of considerable concern and should not be forgotten in the foreign ownership equation. **All reasonable assurances should be taken beforehand in order to ensure that the policies and practices of foreign-owned and controlled telecommunications providers respect the security and privacy interests of Canadians.**
14. Fifth, a key premise in liberalising access to foreign capital in the Canadian telecommunications sector is to lower the cost of capital for domestic players in the sector and enhance competition in the provision of telecommunication services. **It would therefore be contradictory, and indeed a serious mistake, to implement liberalisation measures that are not neutral with respect to the technology used, the applicable regulatory framework or the categorisation of players in the domestic telecommunications market.**
15. **We strongly object to any liberalisation measure that would apply only to “pure” telecommunications carriers as opposed to “hybrid” telecommunications carriers that also distribute broadcasting services on their common facilities and networks.** Cable telecommunications service providers such as Cogeco Cable use common broadband plant to compete head to head with traditional telcos and other providers not necessarily licensed as broadcasting distribution undertakings under the *Broadcasting Act*. In today's domestic telecommunications marketplace, so-called broadcasting distribution services are bundled with high-speed Internet access, voice and data services. Furthermore an ever growing part of overall broadband traffic is on account of video distribution over the top through high-speed Internet connections, which is not licensed under the *Broadcasting Act*.
16. For all these reasons, the three policy options presented for comment in the Consultation Paper appear to us as being inadequate and possibly at odds with the principle of competitive and technological neutrality.

17. **We submit that Options 1, 2 and 3, and indeed any other option not canvassed in the Consultation Paper, should all clearly extend to cable BDUs such as Cogeco Cable that use common broadband plant both for telecommunications and broadcasting distribution services and that are also licensed as BDUs under the *Broadcasting Act*, thus ensuring that the foreign ownership threshold is raised, or eventually eliminated, uniformly under both the *Telecommunications Act* and the *Broadcasting Act* with respect to cable BDUs.**

Sincerely,

A handwritten signature in blue ink, appearing to read 'Yves Mayrand', with a horizontal line underneath.

Yves Mayrand  
Vice President, Corporate Affairs

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