



AFL-CIO

AMERICA'S UNIONS

**American Federation
of Labor and
Congress of Industrial
Organizations**

815 16th St., NW
Washington, DC 20006
202-637-5000
aflcio.org

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February 11, 2019

Dear Representative:

I am writing you today on behalf of the AFL-CIO regarding the proposed merger between T-Mobile US, Inc. and Sprint Corp. prior to the February 13 Communications and Technology Subcommittee hearing. The AFL-CIO is the umbrella federation of U.S. labor unions, with 55 unions representing 12.5 million working people, including those working in telecommunications as customer service representatives and those who build and maintain the country's wireless communication networks.

As described in our October 31, 2018 letter to the Federal Communications Commission, the AFL-CIO strongly opposes the proposed merger as currently structured.

The Merger Would Kill 30,000 U.S. Jobs. The applicants have put forth unverifiable and unquantifiable job creation claims while making no credible commitments to actually create or preserve jobs. The elimination of overlapping jobs post-merger would result in the loss of around 25,500 retail jobs and another 4,500 corporate headquarters jobs according to independent estimates from the Communications Workers of America (“CWA”), New Street Research, and MoffettNathanson Research.¹ These job losses and the further concentration of market power in the wireless industry will put downward pressure on wages throughout the industry and those regional economies with large job losses.

The applicants' claims of job creation from constructing the next generation of wireless network should be seen as disingenuous. T-Mobile argues that the merger will allow it to build out a new 5G wireless network that would not be feasible without adding Sprint's network holdings to its own current network. However, both T-Mobile and Sprint have publicly committed to building out 5G wireless networks on their own. It is hard to see how combining the building of two networks into a single effort to build one could result in the job creation claimed by the applications.

Further Market Concentration is Bad for American Consumers. The proposed merger raises serious concerns about further market concentration in a market with only four major competitors—AT&T, Verizon, T-Mobile, and Sprint, which account for around 98 percent of wireless service revenues in the U.S.² Analysis by CWA found that the post-

¹ Comments of Communications Workers of America in the Matter of Applications of T-Mobile US, Inc., and Sprint Corporation For Consent to Transfer Control of the licenses and Authorizations at 6 1-65, WT Docket No. 18-197 (Aug. 27, 2018).

² Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Annual

merger T-Mobile would hold more than a third of available spectrum in counties comprising 92 percent of the U.S. population. Both traditional mobile phone service and prepaid wireless service are already “highly concentrated” according to the 2010 Department of Justice Horizontal Merger Guidelines.³ The merger would further reduce competition and drive up prices for consumers.

Furthermore, the majority of rural consumers would still have no access to high-speed wireless service. Sprint’s network is built for long distances and would not add to T-Mobile’s low-band spectrum holdings. Unless required to change, the company’s current practices in rural areas, as described by the Rural Wireless Association in their FCC petition to deny, would result in price increases for rural consumers who would also see a deepening of the digital divide. Even the companies’ analysis filed with the FCC shows that any benefit for rural consumers would be minimal.

The Merger Would Compromise National Security. The House Select Committee on Intelligence has warned about potential national security threats in using equipment made by Chinese firms, especially Huawei Telecommunications Company and ZTE Corp., in U.S. telecommunications networks.⁴ Both T-Mobile and Sprint have histories of working with these firms in building out wireless networks. When SoftBank purchased Sprint, the company was required to remove all Huawei equipment from its networks, but three years later, the company admitted that its Clearwire network still contained Huawei equipment.⁵ Both SoftBank and T-Mobile’s majority owner, Deutsche Telekom, have histories of building networks with Huawei. Considering this concern, and recent events involving Huawei executives, the merger should not be allowed to go through unless the Committee on Foreign Investment in the United States finds that the merger would pose no threat, and steps are taken to ensure no Huawei or ZTE equipment is found in the applicants’ networks.

The proposed merger between T-Mobile and Sprint will be harmful to workers and consumers, and may compromise national security. Therefore, the proposed merger is not in the public interest and should not be permitted to go forward as currently structured.

Thank you for considering our concerns regarding the proposed merger. If the AFL-CIO can be of further assistance in this matter, please contact Sarah Ann Lewis, Esq., Senior Lead Researcher at 202-637-5213.

Sincerely,



William Samuel, Director
Government Affairs Department

Report and Analysis of Competitive Market Conditions with Respect to Mobile Wireless, Including Commercial Mobile Services. 32 FCC Rcd 8968 32 (rd. Sept. 27, 2017).

³ 2010 Merger Guidelines § 5.3.

⁴ Permanent Select Committee on Intelligence, U.S. House of Representatives Investigative Report on the U.S. National Security Issues Posed by Chinese Telecommunications Companies Huawei and ZTE (Oct. 8, 2012).

⁵ Sec Dan Jones, Surprise! Sprint Still Has Huawei in Its Network, Light Reading (Jan. 25, 2016), <https://www.lightreading.com/mobile/4g-lte/surprise!-sprint-still-has-huawei-in-its-network/d/d-id/720373>.