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#### VSNL gets US agency nod for Tyco assets

**New Delhi, April 13** Tatas-controlled Videsh Sanchar Nigam Ltd (VSNL) on Wednesday got clearance from a US government agency for acquisition of undersea cable assets of Tyco Global Network (TGN) for \$130 million. The approval by the Committee on Foreign Investment in the United States (CFIUS) will give VSNL control over 60,000 km of undersea communications cable spanning three continents.

“CFIUS, the regulatory body tasked with investigating potential National security concerns, issued a formal notice to VSNL that its review of the situation uncovered no significant issues of National security with regard to this transaction,” a VSNL spokesperson said.

VSNL had on November 1, 2004 signed an agreement with Tyco to acquire the undersea cable assets of tyco global network. Earlier, AP reported that the US Justice Department, FBI, Homeland Security Department and Defence Department signed a 32-page agreement with the company to guarantee the US government can continue to install court-authorized wiretaps on the network and conduct background checks on VSNL employees in the United States.

The agreement also requires that VSNL take steps to prevent illegal eavesdropping on US customers and guarantee that foreign governments can't access classified or sensitive US government information carried over the undersea network. The agreement acknowledges that the US government would suffer “irreparable injury” if Videsh Sanchar failed to comply with its promises. The approval of CFIUS comes shortly after the signing of a security agreement with the US Department of Justice, the Federal Bureau of Investigation, the US Department of Homeland Security and the Department of Defence.

The five US bodies filed a joint petition late last night to the Federal Communications Commission (FCC) giving their consent to the acquisition. Three republican senators, Jon Kyl of Arizona, Jeff Sessions of Alabama and Ted Stevens of Alaska, asked the panel last week to investigate the sale, calling the undersea cables a “strategic asset of incalculable value to United States security and commercial interests.”

VSNL spokesperson, however, declined to comment on the subject saying, “We have received approval from CFIUS and the support of five US government agencies which shows that we are in compliance with the rules on all the prescribed parameters.”

—PTI

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## **US senators call for probe of Tyco-VSNL deal**

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Washington: US officials should investigate whether Tyco International Ltd.'s plans to sell one of its fiber-optic cable units to an Indian company threaten US economic or national security, three US senators said in a letter obtained on Friday.

Videsh Shanchar Nigam Ltd. agreed to acquire Tyco Global Network for \$130 million last November, which would give India's leading telephone and Internet service provider control of a 60,000 km (37,280 mile) network that spans Asia, Europe and North America.

Republican Sens. Ted Stevens of Alaska, Jon Kyl of Arizona and Jeff Sessions of Alabama asked for a thorough review by the Committee on Foreign Investment in the United States (CFIUS), which examines whether deals involving foreign companies put U.S. national or economic security at risk.

"TGN is a strategic asset of incalculable value to United States security and commercial interests," the lawmakers said in the April 7 letter to U.S. Treasury Secretary John Snow, who chairs the committee.

They said the US military relies on fiber-optic networks like Tyco Global Network's for their communications. The lawmakers' concerns stem from the Indian government's 26 percent stake in Videsh and active participation in managing the company.

"This relationship has led VSNL to act in a fashion demonstrably hostile to US military and commercial interests," the three senators said. "The US Trade Representative recently noted VSNL's anti-competitive conduct with respect to its landing stations in India."

A Tyco spokeswoman said the company was working to get the necessary approvals for the deal. "We are seeking approval through a process that has provided and is providing numerous opportunities for comment and we'll continue to work through the appropriate established channels," said Tyco spokeswoman Sheri Woodruff.

In the past, when concerns were raised by CFIUS, companies have often had to agree to stiff conditions or in some cases refashion their deals. The committee includes the Secretaries of Defense, State and Commerce as well as the Attorney General and US Trade Representative.

Treasury spokesman Rob Nichols declined to comment, stating: "We do not comment on matters that may or may not be before CFIUS."

Most deals go through a 30-day review by CFIUS, but that can escalate to a 45-day investigation. If escalated, the panel would have to recommend to President George W. Bush whether to permit the deal to go forward or not.

"Given the obvious strategic importance of the TGN and the level of control the Indian government would have over the global undersea cable grid if the transaction is allowed to proceed, we believe the transaction warrants a full and thorough review by CFIUS," the lawmakers said.

Recently, China's Lenovo Group Ltd. won permission from CFIUS to acquire International Business Machines Corp.'s personal computer business after agreeing to give up access to IBM's U.S. government clients, among other conditions.