

# THE SMARTEST EUROPEAN BLOWBACK IN THE WORLD

For the record, I think European and Brazilian efforts to crack down on US cloud companies – especially Google – are mostly just an effort to gain further access to the data themselves and create more competitive conditions for their countries' own companies (see an interesting development on the Google front here), here is the kind of development that will slow the expansion of the US dragnet.

AT&T Inc.'s ambitions to expand in Europe have run into unexpected hurdles amid the growing outcry across the region over surveillance by the National Security Agency. German and other European officials said any attempt by AT&T to acquire a major wireless operator would face intense scrutiny, given the company's work with the U.S. agency's data-collection programs.

Resistance to such a deal, voiced by officials in interviews across Europe, suggests the impact of the NSA affair could extend beyond the diplomatic sphere and damage U.S. economic interests in key markets. AT&T Chief Executive Randall Stephenson has signaled repeatedly in recent months that he is interested in buying a mobile-network operator in Europe, highlighting the potential for growth on the continent at a time when the U.S. company faces headwinds at home.

On Wall Street, many bankers, investors and analysts expect AT&T to make a bid for Vodafone Group PLC, which owns cellphone networks across Europe, as early as the first half of next year.

No matter what other efforts other countries put into place to limit the US dragnet, until they take away access to the telecom backbone and/or until private companies dramatically improve their own security, the US government is just going to take what it wants (Indeed, I have been wondering whether the US push to privatize telecoms starting as early as the 1980s served, in part, to make it easier to find "partners" in access data signals).

To allow AT&T – one of NSA's longest, most willing partners – to become a big player in Europe would simply provide that access.

I'm mildly sorry for Google and Yahoo, particularly because they've had their signals stolen for years and have resisted in the NSA various ways, only some of which have been effective.

But if AT&T gets locked out of overseas expansion because it is effectively just an arm of the NSA, I will applaud.