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Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

DEC 23 1993

In the Matter of Amendment of)
Parts 15 and 90 of the Commission's)
Rules to Provide Additional)
Frequencies for Cordless Telephones)

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY
ET Docket 93-235

REPLY COMMENTS OF NORTH AMERICAN FOREIGN TRADING CORPORATION

North American Foreign Trading Corporation ("NAFTC"), by its attorneys, hereby submits Reply Comments in response to the comments filed on the above-captioned Notice of Proposed Rulemaking, FCC 93-422.

On December 8, 1993, NAFTC filed comments in support of the FCC's proposal to allocate additional frequencies in the 46/49 MHz band for cordless telephone operations. NAFTC's comments emphasized, however, the importance that the FCC understand, when taking action in this proceeding, that it will take at least 6-12 months to design, produce, and ship new telephones that can operate on whatever new frequencies are finally allocated.

NAFTC's concerns were echoed by other commentators. For example, Cobra Electronics Corporation emphasized that industry experience has shown that once the FCC makes a new frequency allocation, retailers soon learn of the new allocation and want to stock the new telephones as soon as permitted under the FCC's rules, often to the exclusion of existing units.¹ However,

¹ Comments of Cobra Electronics Corporation at 4.

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because of the long lead time necessary to manufacture and distribute the new units, retailers cannot immediately be supplied with the desired new products. This temporary imbalance in the supply and demand equation often results in adding unnecessary costs to the production cycle which must ultimately be borne by the consumer. One major cost often created by the imbalance is the creation of stranded inventory. This occurs because retailers rapidly refocus their sales efforts to new products and no longer wish to purchase, stock and market existing products.

NAFTC submits that the most effective way to prevent this adverse impact on the manufacturing industry is to allow for a specifically considered implementation period before any new frequency allocation becomes effective. For example, rather than relying on the 30 day period for the new allocations to take effect as was routinely proposed (in the Notice of Proposed Rulemaking herein the industry and the Commission should fashion an appropriate roll out period taking into account the particular marketing environment that exists at the time the final decision is to be released.

Because investment decisions and actual investments must be made by the industry well in advance of production dates, production decisions on the new products cannot realistically be made in the absence of appropriate coordination on the timing of FCC action. Without such coordination, the industry must gamble and either commit to production of new designs based on proposals (thereby running the risk that such units will not meet Commission

standards and hence require expensive modification), or delay production until final action is announced, which subjects existing inventory to the risk of premature obsolescence.

Manufacturers are thus faced with an unnecessary "Catch -22" that inevitably imposes adverse economic consequences. Such consequences are, of course, more burdensome for smaller manufacturers and distributors. These smaller industry members cannot absorb the losses due to faulty or untimely production decisions nor the losses associated with stranded inventory.

Therefore, with the adoption of an appropriate period for roll-out of design, production and distribution after final decision, e.g., a 6-12 month implementation period, these adverse consequences can be eliminated. Manufacturers will be able to design, produce, obtain FCC authorizations² and ship the new telephones in an orderly manner, so as to have them available for retailers to provide to consumers at the optimal marketing season.

NAFTC further submits that the comments do not indicate how any party could be prejudiced by adoption of an effective date in this proceeding that accommodates the needs identified by these reply comments and NAFTC's initial comments. Consumers would not be subjected to any increased delays; to the contrary, equipment capable of operating on the new frequencies more likely would be available sooner if an extended period is adopted. Additionally,

² Time must also be allowed to obtain FCC registration and certification of the new units.

manufacturers would have more time to devote to the design process, resulting in superior equipment.

NAFTC also briefly responds to the comments filed in opposition to the FCC's proposed allocation. Organizations representing private radio users have objected that the proposed frequencies currently are allocated for private radio use, a fact that clearly was known to the Commission when the allocation was proposed. However, to justify a revision of the allocation as proposed, a clear showing must be made by private radio users that cordless telephone operations on these frequencies on a secondary basis would preclude the use of the frequencies by private radio users. This showing has not been made.

For example, the Utilities Telecommunications Council argues that in many areas of the country spectrum for private radio use in general is in short supply, but no specifics are provided as to the use of these particular frequencies. Further, while it maintains that gas pipelines currently use these frequencies, it concedes that a risk of interference is created to such existing users only if they have base stations licensed in residential areas. However, it is highly unlikely that the gas pipeline industry will have significant numbers of radio stations licensed in residential areas, particularly in the larger urban areas where use of the new frequencies by cordless telephones is likely to be most prevalent. Similarly, other users of these frequencies, such as licensees in the Forest Radio Service and the Motor Carrier Service, also are unlikely to have significant operations in residential urban areas.

NAFTC also acknowledges the comments of the Association for Maximum Service Television and the Public Broadcasting Service concerning the risk of interference to TV receivers from cordless telephones operating on the new frequencies. NAFTC submits, however, that such risk easily can be controlled by providing consumers with warning labels and instructions, as suggested by these and other commenters, such as Uniden America Corporation.

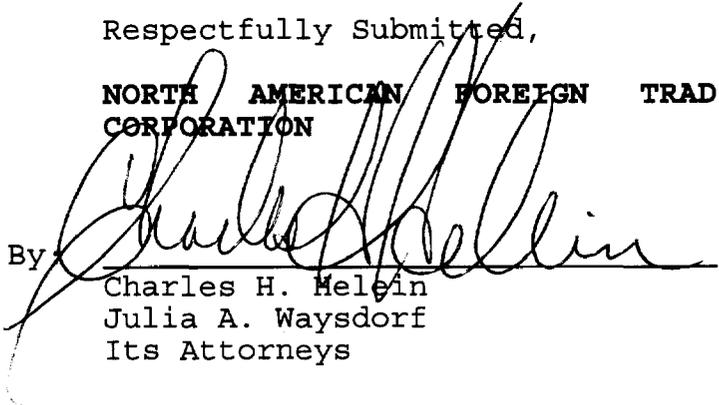
Conclusion

NAFTC supports the proposed frequency allocation and reiterates the critical necessity for coordination with equipment manufacturers and distributors for determining a proper and reasonable implementation schedule once a final decision is made on the substantive frequency allocation issues.

Respectfully Submitted,

**NORTH AMERICAN FOREIGN TRADING
CORPORATION**

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CERTIFICATE OF SERVICE

I, Suzanne Helein, a secretary in the law firm of Helein, Waysdorf and Mandigo, P.C., hereby certify that a true and correct copy of the foregoing "Reply Comments of North American Foreign Trading Corporation" in ET Docket 93-235 was served this 23rd day of December, 1993, via hand delivery or first class mail, upon the persons indicated on the attached list.


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