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FEB - 7 1997

Federal Communications Commission
Office of Secretary

February 7, 1997

PHILIP V. PERMUT

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via Hand Delivery

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

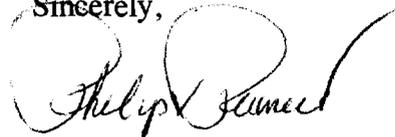
No-261

Re: Notice of Proposed Rulemaking, IB Docket No. 96-26

Dear Mr. Caton:

Enclosed please find five copies of the Ministry of Transport Communications & Works, Solomon Islands Government's Comments in the above-referenced docket. The copy marked "original" is a facsimile; the original document is being sent directly to the Commission. The "original" being submitted is a facsimile; the original document is being sent directly to the Commission.

Sincerely,



Philip V. Permut

Enclosures

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SOLOMON ISLANDS GOVERNMENT

MINISTRY OF TRANSPORT COMMUNICATIONS & WORKS

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The Federal Communications Commission
1919 - M Street, N.W.
Washington, D.C. 20554
USA

FEB 7 1997

Federal Communications Commission
Office of Secretary

Our Ref: MTCW

6th February 1997

Dear Sir,

Federal Communications Commission (FCC) Notice of Proposed Rule Making (NPRM)

We refer to the recently published FCC notice of proposed rule making (NPRM) regarding benchmarks for international settlement rates. Although the NPRM states that the FCC's intent is to address itself only to US carriers and not to foreign correspondents, the clear intent is to dictate to the Solomon Islands Government (one of the eleven Least Developed Countries in the World), the rates that they may charge for access to and use of their networks.

While Solomon Islands Government shares the FCC's goal of moving towards international settlement rates which are more cost-oriented we oppose strongly the tactics which the FCC has chosen. Adoption and enforcement of the NPRM would represent unjustified unilateral imposition of US views on foreign administrations directly contrary to the most fundamental precepts of the international telecommunications regime, including provisions of the Constitution, Convention and Regulations of the International Telecommunications Union (ITU).

It is the sovereign right of each Government to determine its own telecommunications policy but international telecommunications relies on co-operation between nations. This co-operation, established through Treaty, national legislation, commercial contracts and industry practice has served both customers and operators well for over a century. The Solomon Islands Government urges the United States Government and its agencies to continue to work within the international community and not seek to take unilateral action as contemplated in the NPRM.

It should be noted that the teledensities in the Solomon Islands is far below the level of the US and Western Europe and Country comprises of remote rural communities, separated by large areas of open sea, where the inhabitants have little more than a subsistence level existence. This Country relies heavily on the cross-subsidisation of revenue from international traffic to develop our national networks and progress towards achieving universal service. We as the Government of the Solomon Islands have a legitimate right to impose a large proportion of the cost of the social telecommunications policy objectives on the international sector.

The US, UK and other industrialised countries cross-subsidised the development of their national telecommunications infrastructure from international revenue for many years until their markets reached maturity and the time was considered right to introduce competition and re-balance tariffs in their telecommunications sector. We have a similar right. Our market is many years from maturity and it is therefore unrealistic for the FCC to apply the same principles to the Solomon Islands as to industrialised and liberalised markets.

The FCC seeks to impose cost benchmarks which are, by its own admission, even in the US inevitably imperfect. This undermines the ongoing work of the CCITT and unilaterally dictates to overseas carriers a cost profile that only they can know. The Solomon Islands is committed to support ITU Recommendation D.140 in moving towards cost oriented accounting rates and it is presumptuous for the FCC to attempt to unilaterally establish cost benchmarks based on US cost profiles.

One stated objective of the NPRM is to reduce the large outpayments being made by US carriers to distant administrations. However, the large traffic imbalances which account for these outpayments have been generated by the actions of the US carriers themselves. The Home Direct services operated by AT&T, MCI and Sprint effectively reverse the flow of traffic. The practice of 'third country calling' was also pioneered by US carriers and diverted traffic from traditional direct international routes to switching it through the US by setting up two outgoing calls from the US and linking them together. More recently, traffic balances have been affected by US hosted call-back and refile.

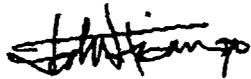
It is unreasonable for the FCC to attempt to arbitrarily reduce settlement rates because the traffic imbalances, which are the basis for their reasoning, have been brought about by the actions of the US carriers.

To conclude the Solomon Islands Government fully support the ITU in the introduction of cost oriented accounting rates which will over time lead to a reduction in settlement charges but strongly opposes the action of the FCC to impose unilaterally-established benchmarks with the threat to deny US carriers permission to settle at rates above these benchmarks.

We believe that it is the right of each nation to determine the cost of terminating traffic on its network and that charges resulting from these costs should continue to be agreed bilaterally with correspondent administrations according to ITU Recommendations.

We trust you will take note of our concerns and cancel you NPRM policy.

Yours faithfully



Hon John Fisango
Minister of Transport, Communications & Works

Copy: Permanent Secretary
General Manager
Chairman
Mr Phil Permut

Ministry of Foreign Affairs
Solomon Telekom Co Ltd
Solomon Telekom Co Ltd
Kelley Drye & Warren LLP

CERTIFICATE OF SERVICE

I, Roberta Schrock, hereby certify that I have served a copy of the foregoing
"Comments of the Ministry of Transport Communications & Works, Solomon Islands
Government" on this 7th day of February, 1997, upon the following parties by hand delivery:

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