

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

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)

International Settlement Rates)

IB Docket No. 96-261

To: The Commission

ERRATA OF CABLE & WIRELESS, PLC

The initial Comments of Cable & Wireless, plc ("C&W") filed on February 7, 1997 in the above-referenced proceeding state that carrier refile and call-back caused the U.S. settlement payment in 1996 on the U.S./Hong Kong route to increase by approximately \$180 million. The figure \$180 million should be \$108 million. A corrected page 23 is attached hereto. Please associate this corrected page with C&W's filing.

Respectfully submitted,

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February 19, 1997

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were eager for the business and could offer such rates because, at the time, the effect of the ISP's requirement for proportional return traffic resulted in a payment from the foreign carrier in excess of the loss on the outpayment. Given these low rates, resale carriers had an incentive to maximize outgoing traffic through call-back.

Although the effect of these alternative calling procedures on the U.S. settlement deficit is severe, they are aggressively marketed, sold and billed overseas, and therefore generate significant revenues for U.S. carriers not reported as accounting settlements. For example, the U.S./Hong Kong bilateral traffic has moved from 1.2:1 in 1990 to 7.6:1 today, with traffic much heavier from the U.S.. As the *NPRM* notes, this new imbalance is primarily the result of carrier refile and call-back,⁵⁵ which have consistently increased on that route since 1994. The impact of these factors on the U.S. settlement payment in 1996 on the U.S./Hong Kong route alone was an increase of approximately \$108 million. This growth in the imbalance with the U.S. is typical of other countries in the region. All this has taken place despite the fact that IDD collection charges on the U.S. route are generally lower from the region than out of the U.S.. However, it is important to recognize that it is the overseas callers who are paying for these telecommunications services, rather than the U.S. consumers and shareholders. U.S. carriers are paying only part of these revenues back to the originating country; the substantial remainder is retained in the U.S. to the benefit of those U.S. consumers and shareholders.⁵⁶

⁵⁵ *NPRM*, ¶ 12 & n.15.

⁵⁶ Where the customer is a foreign national, the resulting accounting rate outpayments are, generally, more than offset by the foreign currency revenues paid either the U.S. underlying carrier or the U.S. service provider. Where
(continued...)

CERTIFICATE OF SERVICE

I, Rebekah J. Kinnett, hereby certify that I have served a copy of the foregoing "Errata of Cable & Wireless, plc" on this 19th day of February, 1997, upon the following parties:

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