only increase the attractiveness of call-back offerings, thereby exacerbating the U.S. settlement deficit.

Moreover, a "flash-cut" to radically lower accounting rates would deprive developing countries of the revenues needed to upgrade their telecommunications infrastructures.[59] The FCC must recognize that significant differences exist between developed countries like the United States and the developing countries of Latin America. While the telephone penetration rate in the U.S. is approximately 93 percent, the penetration rate in some of COMTELCA's member countries is as low as three percent. As a result, these countries must devote a significant percentage of their international telecommunications revenues to providing universal service.[60] It is entirely appropriate for the FCC to provide flexibility to reflect this situation.

As COMTELCA emphasized in its original comments, its member countries have made great strides in promoting liberalization and privatization of their telecommunications sectors. Nicaragua's ENITEL, El Salvador's ANTEL, and Panama's INTEL, for example, are all scheduled to be privatized by the end of the first half of 1997. Honduras and Guatemala also are currently taking steps to privatize their national telecommunications companies. Virtually all of the member countries have aggressively rebalanced their domestic and international tariffs, reduced accounting rates with U.S. carriers, created independent regulatory commissions, and opened their telecommunications sectors to competition. The FCC should be seeking to facilitate

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[59] See, e.g., France Telecom Comments at 13-14; GTE Comments at 17-21.

[60] "[S]ubsidizing local service may continue to be necessary in the immediate future -- at least until telephone service penetration rates more closely approximate those enjoyed in the United States." See Republic of Panama Comments at 32.

the efforts of countries such as those in COMTELCA, rather than attempting to impose unrealistic and inflexible obligations on them.

CONCLUSION

For the foregoing reasons, as well as those addressed in COMTELCA's initial comments, the FCC should reject the unlawful and ill-advised accounting rate proposals contained in the Notice.

Respectfully submitted,

Jonathan Jacob Nadler
James M. Fink
Thomas E. Skilton

Squire, Sanders & Dempsey L.L.P.
1201 Pennsylvania Avenue N.W.
P.O. Box 407
Washington. D.C. 20044
(202) 626-6600

Counsel for
The Regional Technical Commission on Telecommunications of Central America

March 31, 1997

CERTIFICATE OF SERVICE

I, James M. Fink, do hereby certify that on this 31st day of March, 1997, I have caused a copy of the "Reply Comments of the Regional Technical Commission on Telecommunications of Central America" in IB Docket No. 96-261 to be served by hand to the persons listed below.

James M. Fink

James M. Fink

Peter Cowhey
Acting Chief
International Bureau
Federal Communications Commission
2000 M Street, N.W., Room 800
Washington, D.C. 20554

Diane J. Cornell
International Bureau
Federal Communications Commission
2000 M Street, N.W., Room 800
Washington, D.C. 20554

Troy Tanner
International Bureau
Federal Communications Commission
2000 M Street, N.W., Room 800
Washington, D.C. 20554

Kathryn O'Brien
International Bureau
Federal Communications Commission
2000 M Street, N.W. Room 822
Washington, D.C. 20554

International Transcription Services, Inc.
2100 M Street, N.W.
Suite 140
Washington, D.C. 20037