A summary of the national extension TCPs for all countries is presented in Table 5 and included in Attachment B.

Table 5. National Extension Tariffed Component Prices
(per minute)

Country	TCP	Country	TCP
Argentina	22.0¢	Jordan	2.3¢
Australia	12.0¢	Kenya	12.3¢
Austria	21.4¢	Korea	4.3¢
Bahamas	12.8¢	Kuwait	Zero
Barbados	Zero	Malaysia	12.4¢
Belgium	9.2¢	Mexico	12.5¢
Bermuda	3.5¢	Netherlands	5.3¢
Brazil	17.8¢	New Zealand	16.2¢
Chile	12.3¢	Nicaragua	3.7¢
Colombia	8.6¢	Norway	6.5¢
Costa Rica	2.2¢	P.R. of China	4.2¢
Czech Republic	7.5¢	Pakistan	7.2¢
Denmark	6.6¢	Panama	9.9¢
Dominican Rep.	6.1¢	Peru	5.5¢
Ecuador	2.6¢	Philippines	12.6¢
Egypt	2.0¢	Poland	15.1¢
El Salvador	1.1¢	Portugal	17.4¢
France	12.7¢	Russia	25.2¢
Germany	13.6¢	Singapore	$0.7¢
Greece	14.4¢	South Africa	8.3¢
Guatemala	2.4¢	Spain	11.4¢
Guyana	0.6¢	Sweden	4.5¢
Haiti	17.0¢	Switzerland	14.3¢
Honduras	8.7¢	Taiwan	6.3¢
Hong Kong	Zero	Thailand	8.3¢
Hungary	4.9¢	Trinidad	7.6¢
India	18.3¢	Turkey	7.7¢
Indonesia	23.9¢	U.A.E.	2.5¢
Ireland	13.4¢	United Kingdom	8.7¢
Israel	2.4¢	Uruguay	6.2¢
Italy	11.5¢	Venezuela	15.3¢
Jamaica	1.0¢	Vietnam	10.6¢
Japan	11.3¢		

V. Summary

In the absence of information about foreign carriers' costs of terminating international traffic, we must look to alternative sources of information to calculate settlement rate benchmarks. In this *Order*, we adopt the tariffed components price, or TCP methodology, to calculate settlement rate benchmarks. As described in detail in this Appendix, the TCP methodology uses foreign carriers' tariff rates that correspond to the network elements of the structural framework adopted by the ITU-T in Recommendation D.140 and information published by the ITU to calculate benchmarks.

Separate Statement by Chairman Hundt
on International Settlement Rates Report and Order

Today's actions establishing new benchmarks to guide the prices U.S. carriers pay to terminate international calls will result in billions of dollars in savings for United States consumers and will help promote a more competitive, vibrant international telecommunications market.

Currently, the average price of an international call is 88 cents a minute, compared to a price of 13 cents a minute for a domestic long distance call. This difference stems principally from the monopoly cartel that has long insisted on settlement rate payments that exceed the underlying cost of providing service by a factor often as large as five to ten times. This order and the World Trade Organization Agreement to open the world's telecommunications markets will work together to stimulate greatly the growth and competitiveness of the international market to the benefit of consumers and carriers alike worldwide.

This order will bring extraordinary benefits to consumers here in the United States and worldwide. We estimate in the United States alone that consumers will save over $17 billion over the next six years, based on current market trends. Along with our access reform order earlier this year, this represents the greatest single consumer benefit ever delivered to American consumers in the history of this agency.

As a result of this order and the WTO Agreement, we predict that the average price of an international call will drop from 88 cents today to 20 cents five years from now -- a decrease of almost 80%.

And, we predict the United States market for international services will more than double over the next four years as a result of this order. The world market should enjoy a similar increase.

Over the last several years, an international consensus has developed on the need to reform the antiquated settlement rate system. This system dates back over 100 years to the age of the telegraph and historically served as the mechanism for national monopoly telecommunications carriers to set international settlement rates. The ITU and other international organizations have devoted considerable effort to studying settlement rate reform. We have worked closely with foreign countries in these efforts and will continue to do so. We encourage our friends overseas to move forward with us to reform the settlement rate system because it is an integral part of a successful transition to the post-WTO world. We are convinced that a multilateral solution is the best way to reform and we have pledged in the Report & Order we adopt today to reconsider these benchmarks should such a satisfactory multilateral solution be reached.

Today, the Commission is saying that the solution to financing the global communications network cannot be an ever escalating subsidy from American consumers to foreign telephone companies. We are also saying that the global network must be built, and the only way to do so is by following the same laws of competition and market financing that apply everywhere. In 1996, the total net outpayment from US carriers to foreign carriers was $5.4 billion. Over 70% of this outpayment represents a subsidy from US consumers to foreign telecommunications carriers.

Whether we are talking about termination for domestic or international services, there are certain principles that are constant. The principles governing competition in telecommunications, like the laws of physics, are the same whether one is in South Dakota or South Korea. In last year's Telecommunications Act, Congress set forth a number of principles to guide the introduction of competition for local telephone service. Among these principles was the requirement that prices for competitors to interconnect to the incumbent local exchange companies' networks be cost-based and nondiscriminatory. International settlement rates are simply a specialized form of interconnection involving services that cross national borders. The benchmarks we adopt today provide a framework to foster competition in international services by promoting cost-based and nondiscriminatory pricing for international termination services. They also take into account the needs of developing countries by giving carriers from such countries a higher benchmark and a significantly longer period of time to meet their benchmark.

Consumers around the world will receive higher quality service, more service options, and lower rates as settlement rates are reduced to a more cost-based level. Settlement rate reform will also benefit every carrier that provides international services by stimulating growth for international services. The current accounting rate system suppresses global demand by contributing to inflated international calling prices. As settlement rates, and in turn calling prices, are reduced, demand for international services will be stimulated. More importantly, settlement rate reform is essential if carriers that currently benefit from and rely on artificially high settlement rates are to remain viable. Without settlement rate reform, these carriers face being marginalized by a global telecommunications market that will increasingly bypass artificially high-cost routes, either by least-cost routing practices such as call-back, refile and reorigination, or technological innovation such as Internet telephony (which is not subject to the settlement rate system). Only the discipline of a competitive markets can attract the stores of global capital needed to build the global information infrastructure.

Separate Statement by Commissioner Susan Ness
on International Settlement Rates Report and Order

That current settlement rates are significantly higher than the actual cost of terminating international long distance telephone service is widely accepted. Even the foreign carriers who benefit by receiving these large annual subsidies from U.S. carriers -- and ultimately U.S. consumers -- have generally acknowledged that current settlement rates are disproportionate to actual costs. Therefore, a multilateral consensus exists -- and has existed for several years now -- that the settlement rate imbalance should be remedied.

It was in 1992 that the ITU adopted Recommendation D. 140, which called for a reduction in these rates within five years, or by 1997. While progress has been made during that time, the pace of reform in settlement rates thus far has been inadequate. Thus, despite general international agreement that a remedy has long been in order, we have been unable to reach consensus internationally as to how to achieve more cost-based rates in a timely manner.

The need to achieve meaningful accounting rate reform has taken on greater urgency in light of the WTO Basic Telecommunications Services Agreement, which will take effect on January 1 of next year. In the context of the market opening commitments that will soon take effect under the WTO Agreement, the current inflated settlement rate structure has even greater potential for market distortion and anti-competitive effects.

The WTO Telecom Services Agreement is a landmark in trade liberalization, and the international community is to be commended for taking this great leap forward. The time is due, however, for the international community to give full effect to the great promise of this Agreement by remedying the accounting rate imbalance. The ITU is to be commended for its efforts in this regard, and I commend the work of Study Group 3, in which the United States will continue to participate vigorously. But the time to act is upon us and that is why the FCC takes this action today. I would like to point out that the Commission has thoroughly reviewed the comments it has received from over 90 foreign governments and foreign carriers relative to this proceeding, and has taken these comments into account in issuing this Order.

I would emphasize, however, that the Order we adopt today specifically provides that the Commission may forbear from enforcment if a multilateral agreement is reached which achieves substantially equivalent results in a timely manner. So the FCC does not by its action today foreclose a multilateral solution. Rather it invites one -- and it is my personal hope that this Order may spur timely multilateral action to achieve our common goals.