

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

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In the Matter of	)	
	)	
International Settlements Policy Reform	)	IB Docket No. 02-324
	)	
International Settlement Rates	)	IB Docket No. 96-261
_____	)	

To: The Commission

**COMMENTS OF NTT DOCOMO, INC.**

NTT DoCoMo, Inc. (“NTT DoCoMo”), by its attorneys, hereby submits the following comments in response to the Notice of Proposed Rulemaking (“*Notice*”), which the Commission issued in the above-captioned proceeding on October 11, 2002.<sup>1</sup> In these comments, NTT DoCoMo will respond to that section of the Commission’s *Notice* that focuses on foreign mobile termination rates.

**I. IDENTIFICATION AND INTEREST OF NTT DOCOMO**

NTT DoCoMo is one of the world’s leading mobile telecommunications companies, with more than 44 million subscribers. NTT DoCoMo provides a wide variety of leading-edge mobile multimedia services. These include i-Mode, the world’s most popular mobile Internet service, which provides e-mail and Internet access to over 35 million subscribers, and FOMA, launched in 2001 as the world’s first 3G mobile service based on Wideband CDMA.

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<sup>1</sup> *International Settlements Policy Reform; International Settlement Rates*, Notice of Proposed Rulemaking, 17 FCC Rcd 19954 (2002) (“*Notice*”).

NTT DoCoMo is committed to developing innovative mobile software and service applications, as well as pursuing alliances with international companies to seamlessly link mobile telecommunications services and infrastructure on a global scale. In addition to wholly owned subsidiaries in Europe and North and South America, NTT DoCoMo is expanding its global reach through strategic alliances with mobile and multimedia service providers in the Asia-Pacific, Europe, and North and South America. NTT DoCoMo is listed on the Tokyo (9437), London (NDCM), and New York (DCM) stock exchanges. In the United States, NTT DoCoMo holds approximately a 16 percent ownership interest in AT&T Wireless Services, Inc.

As a global wireless operator, NTT DoCoMo has an obvious and direct interest in increasing consumer demand for wireless services. NTT DoCoMo accordingly has an interest in this proceeding. Although the Commission has raised a number of issues regarding foreign mobile termination rates, these comments will focus on the surcharges paid by U.S. consumers on calls to mobile subscribers in other countries. As set forth below, these surcharges do not appear to have any direct relationship with, and generally appear to be higher than, the rates charged by mobile operators in other countries for terminating calls on their networks. NTT DoCoMo therefore urges the Commission to address these surcharges as it considers the issues presented by this proceeding.

## **II. THE COMMISSION SHOULD DISTINGUISH BETWEEN THE SURCHARGES PAID BY U.S. CONSUMERS AND THE RATES CHARGED BY FOREIGN MOBILE OPERATORS FOR TERMINATING CALLS ON THEIR NETWORKS**

In its *Notice*, the Commission has expressed a concern that U.S. consumers are being harmed by “high mobile interconnection rates certain foreign carriers impose on U.S.-outbound calls to countries with ‘calling party pays’ regulatory regimes.”<sup>2</sup> The Commission has

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<sup>2</sup> *Id.* ¶ 45.

accordingly raised a number of questions with respect to “foreign mobile termination rates,” including “whether such rates are detrimentally affecting U.S. consumers” and “whether it is necessary for the Commission to address high mobile termination rates passed on to U.S. consumers, and, if so, how we may effectively do so.”<sup>3</sup>

Although the Commission is rightfully concerned about U.S. consumers, the *Notice* incorrectly assumes that the charges assessed by foreign mobile operators for terminating calls on their networks are synonymous with the surcharges paid by U.S. consumers. The *Notice* therefore further incorrectly assumes that the surcharges paid by U.S. consumers reflect, penny for penny, the termination rates paid to foreign mobile operators. Neither, in fact, is the case.

“Mobile termination rates,” as that term is used in the *Notice*, are wholesale interconnection rates paid by interconnecting carriers, whether foreign or domestic, to terminate calls on a mobile operator’s network in a country where a “calling party pays” regulatory regime is in place. (As the *Notice* recognizes, such regimes are prevalent in most other countries around the world.) Mobile interconnection rates are levied pursuant to contract, agreement or regulation, and are generally assessed on a per second basis. By contrast, “surcharges,” as that term is used in the *Notice*, are retail charges, assessed by U.S. carriers on a per minute basis, and paid by U.S. consumers originating calls to mobile telephones in other countries.

Based on NTT DoCoMo’s review of the interconnection rates assessed by foreign mobile operators and the surcharges assessed by U.S. carriers on calls to foreign mobile telephones, there appears to be no direct relationship between the levels of the two charges, the way in which they are calculated and the manner in which they are imposed. Indeed, the information that NTT DoCoMo has collected to date suggests that the surcharges paid by U.S. consumers are higher

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<sup>3</sup> *Id.* ¶ 51.

and, in some cases, significantly higher than the interconnection rates actually assessed by, and paid to, mobile operators in other countries.

In this regard, the *Notice* highlights what the Commission describes as the “highest current per minute mobile surcharges.” At the time the *Notice* was issued, these included surcharges of \$0.22 per minute for calls to the United Kingdom and \$0.28 per minute for calls to France.<sup>4</sup> The actual interconnection rates then paid to terminate calls on mobile networks in these two countries, when presented on a per minute basis, was approximately \$0.134 and \$0.152, respectively.<sup>5</sup> In other words, U.S. carriers were requiring U.S. consumers to pay surcharges that amounted to 164.2 percent and 184.2 percent, respectively, of the interconnection rates charged by mobile operators in the United Kingdom and France. As demonstrated in the chart that follows, which was current as of the date of the *Notice*, the disparity between the surcharges paid by U.S. consumers and the interconnection rates charged by foreign mobile operators extends to other countries as well. For example, the surcharge on calls to mobile telephones in Sweden at the time the *Notice* was issued was \$0.21 per minute or 238.6 percent of the interconnection rates then charged by mobile operators in that country.<sup>6</sup>

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<sup>4</sup> *Id.* ¶ 46.

<sup>5</sup> Source: Interconnect@Ovum.

<sup>6</sup> *Id.*

<b>Country</b>	<b>Retail U.S. Surcharge<sup>7</sup></b>	<b>Wholesale Foreign Interconnection Charge<sup>8</sup></b>	<b>Surcharge as a Percentage of Interconnection Charge<sup>9</sup></b>
Austria	\$0.16	\$0.103	155.3%
France	0.28	0.152	184.2
Germany	0.17	0.129	131.8
Japan	0.19	0.106	179.2
Sweden	0.21	0.088	238.6
UK	0.22	0.134	164.2

In the intervening months since the data underlying this chart were assembled, one of the principal U.S. carriers has reduced the surcharges on calls to mobile telephones in the countries identified above, with the exception of Austria and the United Kingdom.<sup>10</sup> The carrier's surcharges, however, are still higher than the mobile interconnection rates paid by that carrier.<sup>11</sup> Another of the principal U.S. carriers has also modestly reduced the surcharge on calls to mobile

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<sup>7</sup> Until December 2002, there did not appear to be any variation in the surcharges assessed by the principal U.S. carriers in these major markets. The carriers' websites also suggest that these surcharges may apply without regard to whether the calls are routed over facilities as to which the carriers have international simple resale or international settlement agreements.

<sup>8</sup> Source: Interconnect@Ovum (figures current as of August 2002). The following foreign mobile carriers are represented: Mobilkom (Austria); Orange (France); T-Mobile (Germany); NTT DoCoMo (Japan); Telia (Sweden); and Vodafone (UK).

<sup>9</sup> The differential is understated to the extent that a U.S. carrier interconnects directly with a foreign mobile operator and thus avoids the fixed interconnection rates that are already reflected in, and recouped by, the retail rates paid by U.S. consumers for calls to fixed line subscribers in other countries.

<sup>10</sup> See "AT&T Mobile Termination Charge Information for International Callers," available at [http://www.consumer.att.com/global/english/consumer\\_information/mobileterminatingnumber.html](http://www.consumer.att.com/global/english/consumer_information/mobileterminatingnumber.html) (last visited Jan. 14, 2003).

<sup>11</sup> As is the case with respect to other countries, the carrier's surcharge on calls to mobile telephones in Japan is higher than Japanese mobile interconnection rates. The surcharge also fails to reflect the fact that in April of 2002 mobile interconnection rates in Japan were retroactively reduced to April 1, 2001.

phones in France,<sup>12</sup> but not to the level of French mobile interconnection rates. Notwithstanding these recent reductions, the surcharges paid by U.S. consumers often appear to be well in excess of the mobile interconnection rates charged by foreign mobile operators. The Commission should investigate the reasons for the differences between these two types of charges,<sup>13</sup> as it has expressed a willingness to do in the past in other circumstances involving differences between a carrier's exogenous costs and the rates it charges consumers.<sup>14</sup>

In its *Notice*, the Commission has also observed that several U.S. carriers have attempted to educate their subscribers about surcharges on calls to foreign mobile telephones through bill inserts, postcards and websites.<sup>15</sup> Like the *Notice*, however, the carriers have failed to distinguish between the interconnection charges assessed by foreign mobile operators for terminating calls on their networks and the surcharges collected by U.S. carriers from their subscribers. Indeed, a consumer reading these materials could conclude -- incorrectly -- that the surcharges pass through, on a penny for penny basis, the interconnection rates charged by foreign

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<sup>12</sup> See "What is an international mobile surcharge?" available at [http://www.mci.com/international/english/resources/icp\\_mobile\\_surcharge.jsp](http://www.mci.com/international/english/resources/icp_mobile_surcharge.jsp) (last visited Jan. 14, 2003).

<sup>13</sup> The Commission should also consider whether the per minute surcharges paid by U.S. consumers for calls to mobile telephones in other countries can be reconciled with the per second mobile interconnection rates in those countries. Based on its understanding of the billing systems and practices of foreign mobile operators, NTT DoCoMo is of the view that mobile interconnection charges are generally assessed and collected on a per second basis.

<sup>14</sup> See *International Settlements Rates*, Report and Order, 12 FCC Rcd 19806, 19930-31, ¶ 271 (1997) (Commission will "monitor closely" U.S. carriers' prices to ensure consumers are not paying inflated rates). See also *Price Cap Performance Review for Local Exchange Carriers*, First Report and Order, 10 FCC Rcd 8961, 8987, ¶ 61 (1995) (Commission reviewed flow through of local exchange carrier access charge reductions in the rates of interexchange carriers).

<sup>15</sup> *Notice* ¶ 51.

mobile operators.<sup>16</sup> The same inaccurate conclusion could be drawn from the “Consumer Alert” recently issued by the Commission.<sup>17</sup>

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<sup>16</sup> Indeed, AT&T’s website states that “AT&T adds a mobile termination charge to all calls completed to wireless devices” to “recover” the “substantial fees” charged by foreign mobile operators “to complete telephone calls to mobile phones.” “AT&T Mobile Termination Charge Information for International Callers” *available at* [http://www.consumer.att.com/global/english/consumer\\_information/mobileterminatingnumber.html](http://www.consumer.att.com/global/english/consumer_information/mobileterminatingnumber.html) (last visited Jan. 14, 2003).

<sup>17</sup> Federal Communications Commission Consumer Alert “Surcharges for International Calls to Wireless Phones” *available at* <http://www.fcc.gov/cgb/consumerfacts/surcharge.html> (last visited Jan. 14, 2003). In its Consumer Alert, the Commission has suggested that consumer surcharges reflect no more than “the additional cost” which U.S. carriers incur in delivering calls to mobile telephones in other countries.

### III. CONCLUSION

For all of the reason set forth above, the Commission should address the surcharges paid by U.S. consumers for calls to mobile telephones in other countries. These surcharges directly affect U.S. consumers and are properly a matter of concern to the Commission.

Respectfully submitted,

**NTT DOCOMO, INC.**

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