CTIA
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Cellular Telecommunications & Internet Association

March 1, 2004

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
12th Street Lobby, TW-A325
Washington, D.C. 20554

Re: *Ex Parte* Presentation, International Settlements Policy Reform; International Settlement Rates, IB Docket Nos. 02-324 & 96-261

Dear Ms. Dortch:

On Friday, February 27, 2004, the Cellular Telecommunications & Internet Association ("CTIA") represented by Diane Cornell, Vice President for Regulatory Policy, and Carolyn Brandon, Vice President for Policy, met with Jennifer Manner, Senior Counsel to Commissioner Kathleen Abernathy, to discuss issues related to mobile termination rates.

CTIA argued that it would be inappropriate for the Commission to apply a benchmarks approach for international traffic terminated on foreign mobile networks, as some interexchange carriers ("IXCs") have advocated in this proceeding. CTIA emphasized that the original benchmarks regime was crafted to address the concern that U.S. consumers were subsidizing foreign carriers' operations through disportionately high and discriminatory accounting rates, on non-competitive routes. By contrast, the issue with mobile termination rates is not that discriminatory accounting rates are being foisted on U.S. consumers, but rather that foreign *domestic* mobile termination rates are in some cases being passed through to U.S. consumers (sometimes with a mark-up by the U.S. IXC). The record does not suggest that there is a problem with foreign carriers discriminating against U.S. carriers or consumers in setting the level of mobile termination rates.

CTIA further noted that the Commission does not have a defensible way to get access to the information it would need to evaluate whether the relevant mobile termination rates are cost-oriented; this information would only be known to the foreign regulator. Unlike traditional fixed accounting rates, which are based on well-established tariffed components, mobile termination rates vary from one country to the next, reflecting the competitiveness of local markets as well as differences in input costs, such as spectrum. It would be highly inappropriate for the Commission to in effect intervene in foreign domestic regulatory regimes, which vary from country to country, to second-guess foreign regulators' decisions on relevant costs, without access to the underlying data. This is especially true given that most foreign mobile markets are more competitive than the traditional wireline context in which accounting rates originally arose.

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Moreover, most foreign markets operate under a calling party pays mobile structure rather than the received party pays structure that prevails here, which means that the market structure for foreign mobile operations is different both than the traditional fixed structure, and the mobile structure here in the United States.

CTIA urged the Commission not to take action in this proceeding to explore or adopt benchmarks for mobile termination rates, as some IXCs have proposed. Foreign regulators are moving to evaluate mobile termination rates and consider whether they should be regulated, which could ultimately benefit U.S. consumers. Absent a record of discrimination against U.S. consumers this issue is best left to the foreign regulators.

Pursuant to Section 1.1206 of the Commission's Rules, this letter is being electronically filed with your office. If you have any questions concerning this submission, please contact the undersigned.

Sincerely,

Diane Cornell

Diane Cornell

cc: Jennifer Manner