



CHAIRMAN

Federal Communications Commission

03-38

Washington, D.C.

October 15, 2003

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MAR 9 2004

Federal Communications Commission
Office of the Secretary

The Honorable Armi Jane R. Borje
Chairman
National Telecommunications Commission
3/Floor NTC Building
BIR Building, East Triangle
Diliman, Quezon City 1101
Philippines

Dear Chairman Borje,

Thank you for your letter of September 16, 2003. I share your assessment of our meeting as both useful and productive.

I agree with you on the importance of providing the freedom for our respective telecommunications companies to negotiate with each other and arrive at fair and equitable interconnection agreements. The first step toward this end, as we discussed, is for Philippine carriers to restore currently blocked circuits. I understand that you will be taking action to ensure that Philippine carriers will restore circuits. Once U.S. carriers advise the FCC that a Philippine carrier has restored their circuits, we will lift the stop payment requirement as set forth in our March 10 Order (IB Docket No. 03-38, available at <http://ftp.fcc.gov/ib/archives/headlines03.html>).

We understand that U.S. carriers are currently negotiating interim arrangements with Philippine carriers for payment of services. As interim arrangements are not the final agreements required to be submitted to the Commission under our rules, we do not review these agreements. For example, we understand that the Philippine carrier, SMART, has entered into an interim agreement with AT&T, restored AT&T's circuits, and is now in negotiations with MCI toward the same end. Upon notification from MCI that its circuits have been restored, we will immediately lift the stop-payment requirement currently imposed upon SMART.

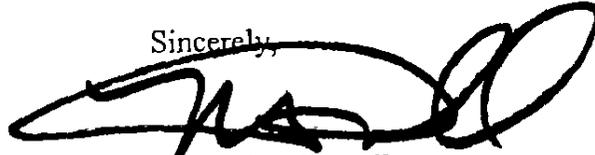
Once all the Philippine carriers restore circuits, and traffic and payments are flowing, the FCC can begin considering the effect of our second remedy involving the enforcement of the International Settlements Policy on the U.S.-Philippines route. Under the Commission's administrative process, any modification of the March 10 Order would

No. of Circuits 2
List Attached

occur in the proceeding seeking review of that Order. I cannot make a firm commitment as to when the Commission may undertake such action, but be assured that we will move expeditiously once circuits are restored on the route.

I hope this provides some additional clarity to the procedures that we will pursue. I hope all sides can work together to resolve these outstanding problems.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Powell', written over a horizontal line.

Michael K. Powell