

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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

**COMMENTS OF AT&T CORP. ON REMOVAL OF
THE INTERNATIONAL SETTLEMENTS POLICY**

AT&T Corp. ("AT&T") hereby submits its Comments concerning three routes that are proposed for removal of the International Settlements Policy ("ISP") under the procedures established by the First Report and Order in this proceeding.¹ As described below, AT&T supports the removal of the ISP on the U.S.-Philippines route, and opposes the removal of the ISP on the U.S.-Papua New Guinea route.

The Philippines. AT&T supports the removal of ISP requirements on the U.S.-Philippines route. AT&T has previously supported the removal of the ISP on this route and continues to support this step. However, as indicated in the Report and Order released on March 20, 2004, AT&T expects that the Commission would review this decision should circumstances change that would negatively impact U.S. carriers and customers.²

¹ *International Settlements Policy Reform*, IB Docket No. 02-324, First Report and Order, rel. Mar. 30, 2004, FCC 04-53, ("Report and Order"), ¶ 29 & App. E (listing routes subject to comment or petitions). *See also*, Public Notice, *Commission Announces Pleading Cycle For Comments and replies in Proceeding on Routes Believed to be Benchmark Compliant*, DA 04-1585, May 28, 2004 (listing routes available for comment).

² *Report and Order*, ¶ 47 ("In the event a party is able to demonstrate that there is a real or potential harm to the U.S. public interest through U.S. carrier interaction with foreign carriers on non-ISP routes, the Commission may pursue a number of remedies. For example, the Commission may reimpose the strict

Papua New Guinea. AT&T opposes the removal of the ISP on the U.S.-Papua New Guinea route. Although the incumbent monopoly carrier in Papua New Guinea, Telikom Papua New Guinea (“TPNG”), agreed to the 19-cent benchmark rate for Papua New Guinea in 2001, TPNG now requires all traffic to be sent through carriers in Australia and New Zealand, which charge refile rates of approximately 70 cents. Papua New Guinea therefore is not a benchmark compliant route, and should remain subject to the ISP.

After entering into agreements with AT&T to terminate traffic at the 19-cent benchmark rate in 2001 and 2002, TPNG threatened in November 2002 to terminate service unless AT&T paid an increased rate of 80 cents. When AT&T refused to do so, TPNG cut circuits with AT&T in December 2002. In January 2003, TPNG informed AT&T that it had also cut off circuits with most telecom operators worldwide and that traffic to Papua New Guinea could be sent only via the carriers Reach and TNZL in New Zealand and Optus in Australia. In February and March 2003, Reach, TNZL and Optus all raised their refile rates to Papua New Guinea to approximately 70 cents.

AT&T has therefore sent no direct traffic to TPNG since December 2002. TPNG recently reiterated to AT&T that it has terminated services and agreements with all carriers globally with the exception of Reach, Optus and TNZL.

(Footnote continued from previous page)

requirements of the ISP if necessary to prevent anticompetitive behavior and discrimination among U.S. carriers.”)

AT&T accordingly opposes the removal of the ISP on the U.S.-Papua New Guinea route.

Respectfully submitted,

AT&T CORP.

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Dated: June 28, 2004

CERTIFICATE OF SERVICE

I, Tracy Lea Rudnicki, do hereby certify that on this 28th day of June 2004, a copy of the foregoing "AT&T Comments" was served by electronic mail on the parties listed below.

/s/ Tracy Lea Rudnicki
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