Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Concert Global Network Services Limited	)	ARC-MOD-20010316-00070
	)	
Petition for Modification of the Accounting Rates for Switched Voice Service with Morocco	)	
	)	

ORDER

Adopted: December 18, 2001 **Released: December 20, 2001**

By the Acting Chief, Telecommunications Division, International Bureau:

I. Introduction

1. In this Order we approve the petition of Concert Global Network Services Limited ("Concert") to introduce a new, lower accounting rate for international switched voice service with Morocco, but we limit the period when the rate is in effect. The International Bureau suspended Concert's modification request because the accounting rate has no expiration date. Without an expiration date, the rate would exceed the benchmark rate for Morocco adopted by the Commission in the *Benchmarks Order*[1] if it is allowed to remain in effect after December 31, 2000.

2. In the *Benchmarks Order*, the Commission adopted a schedule of settlement rates and effective dates for U.S. carriers that is based primarily on gross national product ("GNP") per capita levels. For countries like Morocco, which the World Bank designates as a lower-middle income country, the benchmark settlement rate is 19¢ per minute for service provided on and after January 1, 2001. Thus, beginning January 1, 2001, the *Benchmarks Order* requires U.S. carriers to use a settlement rate that does not exceed 19¢ for settlement payments on service between the United States and Morocco. Concert seeks approval of a settlement rate that is higher than the benchmark rate. The rate is scheduled to go into effect August 1, 2000, but it has no expiration date. If Concert's petition is approved and the rate is used for settlements on service provided after December 31, 2000, the agreement would violate the *Benchmarks Order*. Accordingly, we approve Concert's modification request for a lower accounting rate but limit the use of this rate to service provided before January 1, 2001. We reject the rate for service provided after 2000 and direct U.S. carriers to negotiate agreements that comply with the *Benchmarks Order* with the carrier in Morocco.

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1 *Report and Order on Regulation of International Settlement Rates*, 12 FCC Rcd 19806 (1997) (*Benchmarks Order*), *aff'd sub nom., Cable and Wireless P.L.C. v.* FCC, 166 F.3d 1224 (D.C. Cir. 1999), *Report and Order on Reconsideration and Order Lifting Stay*, 14 FCC Rcd 9256 (1999) (*Benchmarks Reconsideration Order*).

II. Background

3. Concert filed a petition seeking to reduce its accounting rate from 0.6 SDR per minute to 0.5 SDR[2] per minute for service with the carrier serving Morocco, Maroc Telecom.[3] The new rate, which has no expiration date, is scheduled to take effect August 1, 2000.

4. The International Bureau suspended Concert's modification request because the proposed rate does not have an expiration date and the rate exceeds the benchmark rate required for service with Morocco provided on and after January 1, 2001.[4] As a result, the agreement would violate the Commission's *Benchmarks Order* if the rate were used for settlements on service provided after December 31, 2000.

III. Discussion

5. The Commission's policy objective is cost-based, nondiscriminatory accounting rates. Lower, more cost-based rates are in the U.S. public interest because they encourage lower calling prices, promote economic efficiency, and reduce entry barriers. To further this goal, the Commission adopted the *Benchmarks Order*, which requires U.S. carriers to negotiate settlement rates with foreign carriers at or below benchmark levels that will be used to determine settlement payments for service provided after specific dates. Briefly, the *Benchmarks Order* requires a rate of 15¢ for service with upper income countries beginning January 1, 1999; 19¢ for service with upper-middle income countries beginning January 1, 2000; 19¢ for service with lower-middle income countries beginning January 1, 2001; 23¢ for service with low income countries beginning January 1, 2002; and 23¢ for service with countries with a teledensity less than one beginning January 1, 2003.

6. Concert's modification request for service with Maroc Telecom has a settlement rate that exceeds the benchmark settlement rate, but the rate takes effect before the scheduled date of the benchmark rate for Morocco. The proposed rate has no expiration date. While the reduction moves the settlement rate toward the benchmark level for Morocco, the rate is still significantly higher than the benchmark level.[5] Initially, the agreement does not violate the *Benchmarks Order* because the new rate takes effect on August 1, 2000, before the deadline for the benchmark rate, January 1, 2001. However, a subsequent, more substantial rate reduction will be required to bring the settlement rate with Morocco into line with the benchmark level by January 1, 2001.

7. Concert's agreement with Maroc Telecom is similar to agreements between U.S. carriers and carriers in Brunei, Singapore, and Taiwan, which the International Bureau addressed in a previous

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2 The accounting rate of 0.5 SDR means that the settlement rate is 0.25 SDR, which is equivalent to 32¢.

3 Concert's Petition for International Settlements Policy Modification for a Change in the Accounting Rate for International Switched Voice Service with Morocco, ARC-MOD 20000316-00070 (filed March 16, 2001).

4 See letter from Rebecca Arbogast, FCC, to James J.R. Talbot, AT&T, April 6, 2001.

5 The International Bureau requested the assistance of the government of Morocco in encouraging carriers to negotiate a benchmark rate for service between the United States and Morocco. See letter from Donald Abelson, FCC, to Nasr Hajji, Secretary of State to the Prime Minister in Charge of Posts, Communications and Information Technology, March 28, 2001.

order.[6] The agreements with Brunei, Singapore and Taiwan provided for a settlement rate that was significantly higher than the relevant benchmark rate. Each agreement called for the settlement rate to take effect in the month before the benchmark rate deadline, but the rate did not have an expiration date. As a result, we were concerned that U.S. carriers would be unable to negotiate a benchmark compliant rate in the short time remaining before the benchmark rate deadline of January 1, 1999. In order to prevent a violation of the *Benchmarks Order*, the International Bureau approved the new, lower rates in the *Singapore, Taiwan, and Brunei Order* for the period before the benchmark deadline. The rates, however, were not approved for service provided from January 1, 1999. As was the case with the *Singapore, Taiwan, and Brunei Order*, we are concerned here that Concert's agreement with Maroc Telecom will violate the *Benchmarks Order* if the rate in the agreement remains in effect after the benchmark rate deadline of January 1, 2001 for Morocco. We are further concerned by the fact that Concert filed its modification request after the benchmark rate deadline.

8. In the *Benchmarks Order*, the Commission stated clearly that it "will ensure compliance with our settlement rate benchmarks."[7] The International Bureau concluded in the *Singapore, Taiwan, and Brunei Order* that a rate exceeding the benchmark level would violate the *Benchmarks Order* if the rate is allowed to remain in effect beyond the benchmark rate deadline.[8] To eliminate the possibility of a violation of the *Benchmarks Order* that would result from using the accounting rate requested by Concert for settlements on service provided in 2001, we approve Concert's request to reduce the accounting rate for service with Maroc Telecom but limit its applicability to service provided between August 1, 2000 and December 31, 2000. Thus, the accounting rate requested by Concert for its service with Morocco, 0.5 SDR, can be used to determine the settlements on service provided through December 31, 2000, but it cannot be used for the settlement of service that is provided after December 31, 2000. We expect Concert and other U.S. carriers to negotiate a benchmark rate of 19¢ that will apply to service between the United States and Morocco beginning on January 1, 2001.

IV. Ordering Clauses

10. Accordingly, IT IS ORDERED that Concert's modification request for an accounting rate of 0.5 SDR per minute with Maroc Telecom is approved for the period of August 1, 2000 to December 31, 2000.

11. IT IS FURTHER ORDERED that U.S. carriers negotiate settlement rates with Maroc Telecom that comply with the *Benchmarks Order*.

12. This order is issued under Section 0.261 of the Commission's Rules and is effective on adoption. Petitions for reconsideration under Section 1.106 or applications for review under Section

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6 See AT&T and MCI Petitions for Modification of the Accounting Rates for Switched Voice Service with Singapore, Switched Voice and Switched Digital Service with Taiwan, and Switched Voice Service with Brunei, DA 99-431 (released March 3, 1999, Telecommunications Division) (*Singapore, Taiwan, and Brunei Order*).

7 *Benchmarks Order* at ¶187.

8 See *Singapore, Taiwan, and Brunei Order* at ¶5.

13. 1.115 of the Commission's Rules may be filed within 30 days of the date of public notice of this Order. (see C.F.R. Section 1.4(b)(2)).

FEDERAL COMMUNICATIONS COMMISSION

Jacquelynn Ruff
Acting Chief, Telecommunications Division
International Bureau