



NEWS

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**STATEMENT BY COMMISSIONER KATHLEEN Q. ABERNATHY
ON WHIPSAWING DISPUTE AFFECTING
THE U.S.-PHILIPPINES ROUTE
(IB DOCKET NO. 03-38)**

On February 7, 2003, AT&T Corp. and WorldCom Inc. both filed petitions requesting that the Commission take action to protect U.S.-international carriers and U.S. consumers from alleged "whipsawing" behavior occurring on the U.S.-Philippines route. "Whipsawing" is a form of anti-competitive behavior that involves the ability of foreign carriers to obtain unduly favorable terms and conditions from U.S.-international service providers by setting competing U.S. carriers against one another. Specifically, in this proceeding, AT&T and WorldCom allege that several Philippines carriers have blocked the traffic of U.S. carriers for their refusal to agree to unilateral rate increases which has resulted in significant service disruptions.

AT&T and WorldCom have requested that the FCC take action to protect U.S. carriers in their negotiations on the U.S.-Philippines route from whipsawing and prevent further network disruptions and harm to U.S. consumers. In addition, these providers have requested the FCC to prohibit U.S. carriers from making payments to the Philippines carriers until international service on this route is fully restored.

I believe this is an urgent matter and must be resolved in the near term. Service to the Philippines has been disrupted for almost a month for many consumers and U.S. carriers are being financially harmed by the disruption.

I am pleased the International Bureau has been very responsive in trying to resolve the dispute. First, the Bureau has engaged in direct discussions with the Philippines regulator in an effort to find a solution. Second, the Bureau quickly placed the AT&T and WorldCom Petitions on public notice.

I am hopeful that when the comment period on the Petitions concludes at the end of next week, the International Bureau will act expeditiously to review the record in this proceeding and speed Commission action.