

Remarks of
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GLOBAL ROUNDTABLE DISCUSSION
ON INTERNET-PROTOCOL BASED SERVICES
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“Sharing Perspectives on Migration to IP-Enabled Services”

Introduction [slide 1]

Good morning.

Thank you for attending this global roundtable discussion on issues associated with the migration to IP-Enabled Services. Internet Protocol based services, known as IP, encompasses voice, data and multimedia applications. As the world embraces the increasing presence of this exciting new technology, we are

grateful to have with us today international experts from industry, government, regional organizations and academia.

IP-based services, such as VoIP, have no boundaries and as such, we recognize that our decisions cannot be made in a vacuum. Rather, I believe that solutions and perspectives should be examined from a global perspective. I look forward to hearing about the challenges and successes that different panelists have encountered with respect to the expansion of IP-based services.

International VoIP growth--in general [slide 2]

In preparing for this event, a key question arose: Why think globally? Should we first formulate our domestic decisions on VoIP and IP-Enabled services and only then address how those decisions fit in the international telecommunications environment?

I believe that the answer to this question is no.

As this slide demonstrates, VoIP is a growing global market force. Between 1998 and 2003, VoIP's share of international traffic rose from .2% to 13% of wireline traffic. By 2002, carriers such as iBasis and ITXC carried over 2.5 billion minutes in international traffic—volumes, comparable to the largest switched-circuit carriers.

We are interested today in learning how companies from around the world are handling countries' disparate approaches to IP-based services. Despite possible different country approaches, one thing is clear: Consumers around the world are attracted to VoIP because these services can provide cost savings and innovative new functions.

Regional VoIP growth [slide 3]

Latin America, Asia, and Central Europe are the major destinations for international VoIP traffic. Countries that have

previously left VoIP unregulated are reconsidering their policy. Japan has initiated a new numbering series for VoIP. European Union countries, in keeping with their principle of technology neutrality, are considering a plan to treat VoIP like other telecommunications services.

Strong VoIP growth in developing countries [slide 4]

The growth of IP-Based services, like VoIP, in developing countries has been astounding. As this slide illustrates, even though Africa accounts for only 4% of the total international VoIP traffic, it has the highest growth rate in the world. Inbound VoIP traffic to Nigeria increased nearly 500% in 2002; and to Senegal and Kenya, over 300%. Among Latin American countries, the fastest growing routes are Peru and Venezuela, both increased by over 160% in 2002.

In Asia, China is the top destination for VoIP traffic. In 2002, traffic to India increased 190%, and traffic to Philippines tripled. In Europe, 85% of all VoIP traffic is destined for Central European countries. In 2002, Poland, Russia, and Bulgaria represented over half the VoIP traffic inbound to Europe

We are observing an increase in the volume of communications traffic in remote areas. This is due in part to the proliferation of IP technology and the success of businesses like Internet cafes. Indeed, the world has never seemed smaller.

VoIP traffic between the U.S. and other countries [slide 5]

Many U.S. telecommunications companies have embraced VoIP, including Vonage, AT&T's Call Vantage, and Verizon's recently announced VoiceWing service.

These U.S. companies are aware of the booming growth in international traffic originating from U.S. consumers. The slide you are looking at shows that the largest destinations for U.S.-originated VoIP traffic are to Latin America, Asia, and Central Europe. Mexico is by far the largest destination, with as much traffic as the next four largest routes combined. Clearly, our U.S. IP policy will be affected by how the rest of the world treats IP-based services.

International Fora to Discuss the Changing Telecommunications Environment [slide 6]

As industry from around the world and governments struggle to figure out how best to treat new telecommunications technology, without relying on outdated regulatory approaches, I believe that the exchange of information is an important part of an on-going process to learn from each other and to reach innovative solutions for addressing new regulatory challenges. As we are doing here

today, many existing multilateral fora facilitate the exchange of information about different regulatory approaches and solutions. Some multilateral organizations that the FCC participates in include the ITU, OECD, CITELE, and APEC. I note that the ITU has its World Telecommunications Standardization Assembly coming up in October in Florianopolis, Brazil, where issues surrounding standards, Next Generation Networks and cybersecurity will be discussed. I encourage industry attendees in the IP industry who do not normally attend such multilateral fora to participate in these upcoming meetings and to learn about how other countries and companies are addressing technology solutions and standards.

Conclusion [slide 7]

As technological change continues to sweep over us, I am convinced that the change that telecommunications networks in every country are undergoing will bring tremendous benefits to

our industry, our service providers, our economies and, ultimately, our citizens. As we learn how to live with new technologies, the FCC looks forward to working with – and learning from – our colleagues from ministries, regulators and industry at home and around the world.

Change is sweeping us towards the global IP-enabled network, and it is up to us to create the kind of environment where these changes can flourish.

[slide 8]

Thank you.