



NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.
See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).

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FCC RELEASES “TRENDS IN THE INTERNATIONAL TELECOMMUNICATIONS INDUSTRY” REPORT

Washington, D.C. -- The Federal Communications Commission (FCC) today released a report tracing trends in the U.S. international telecommunications industry. The International Bureau's Strategic Analysis and Negotiations Division prepared the report, which is entitled *Trends in the International Telecommunications Industry: Summary through 2003*.¹

The report consists of 27 statistical tables and 14 figures relating to international traffic, circuits, pricing, and accounting rates.

Statistical Findings:

- In 1975, international service represented less than 5% of the revenues U.S. carriers received from providing long distance services. With the installation of higher capacity and lower cost submarine cables in the 1970s, it grew in importance. International service has represented about 20% of overall toll revenues since the mid-1990s.
- In 2003, the five most heavily used routes, Canada, Germany, Mexico, Philippines, and United Kingdom accounted for 37% of U.S. billed minutes.
- Customers who make frequent international calls get significant savings by using special calling plans, prepaid calling cards and other means of avoiding basic schedule rates.
- The average revenue billed to end users for a minute of international telephone service declined 81% from \$1.09 in 1983 to \$0.21 by 2003. The number of U.S. billed minutes increased from 2.6 billion to 42.7 billion during the same period.
- In 1988, settlement payments (the amounts U.S. carriers pay foreign carriers to terminate traffic overseas) represented 70% of the amounts billed to U.S. customers for international calls. In 2003, these payments represented 41% of the billed revenues for international calls.
- U.S. carriers' net settlement payments (settlement amounts owed to foreign carriers for U.S. billed traffic, less settlement amounts due to U.S. carriers for foreign billed traffic) decreased 38% from \$4.5 billion in 1998 to \$2.8 billion in 2003.

¹ Calendar year 2004 section 43.61(a) data filed with the Commission on August 1, 2005 has not yet been tabulated by Commission staff.

- Since the Commission established its Benchmarks Order in 1994, 94 percent of outbound U.S.-international minutes are being settled at or below the benchmark rate.² Declines in settlement rates and increases in traffic are also linked to dramatic increases in cable capacity at decreasing costs per circuit. While most international carrier billed revenues come from international message telephone service, the vast majority of circuits now are used for other services.

The report is available for reference in the FCC's Reference Information Center, Courtyard Level, 445 12th Street, S.W., Washington, D.C. 20554. Copies may be purchased by calling the FCC's duplicating contractor, Best Copy and Printing, Inc., 445 12th Street, S.W., Room CY-B402, Washington, DC 20554, telephone 1-800-378-3160, facsimile 202-488-5563, or via e-mail WWW.BCPIWEB.COM. The report, including the spreadsheets containing the report's statistical tables and the figures, can be downloaded [file name: ITRND01.ZIP or ITRND01.PDF] from www.fcc.gov/ib and the **FCC-State Link** Internet site at www.fcc.gov/wcb/iatd//intl.html.

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For additional information, contact Linda Blake, International Bureau's Strategic Analysis and Negotiations Division, (202) 418-0945 or at Linda.Blake@fcc.gov.

² See *International Settlements Policy Reform; International Settlement Rates*, IB Docket Nos. 02-324, 96-261, March 30, 2004, pg. 33.