

**Closing Remarks of
Commissioner Deborah Taylor Tate
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(As Prepared)

Ni hao. Buongiorno. Hola. Konnichiwa. Thank you, Mr. Li for your kind introduction; thank you Bill and all my friends at Accenture for providing me with the opportunity to be with you today and throughout the Global Convergence Forum. I would also like to extend my gratitude to my distinguished counterparts in the Chinese government for the hospitality they have shown me here in the beautiful and historic city of Beijing. I particularly want to express my thanks to Minister Zhang of the State Administration of Radio, Film and Television, Vice Chairman Zhang of the National Development and Reform Council and Vice-Minister Xi of the Ministry of Information Industry for taking the time to personally meet with me during my stay. Yesterday, the United States Information Technology Office hosted a group of U.S. companies operating in China to share their experiences with me.

I congratulate our hosts for arranging an event that was both educational and entertaining – and applaud them for assembling – you all – global leaders in the communications, electronics, media and entertainment industries as we all are grappling with the challenges and opportunities of convergence. This Global Convergence Forum has provided us with greater insight into the burgeoning market of China and how the tremendous growth in this country and others can benefit telecommunications users worldwide. As a recent article in Fortune Magazine illustrates – “the Boom is Back.” And the Boom will go beyond traditional entertainment and voice communications to E-Government, rural telemedicine, education, and financial services to the “unbanked”. All our citizens want streamlined, efficient, dependable communications wherever and whenever they need it. And expansions in teledensity will lead to expansions in income. Meetings like this enable us – together – to find ways to ensure seamless global connectivity for everyone.

My official meetings and this conference underscore that the United States and China are addressing many of the same challenges – and I believe we will have even more in common as we move forward together. Our great countries share much:

- competing in an increasingly global environment;
- keeping our young brainpower at home;
- deploying new technologies;
- the DTV transition;
- spectrum licensing;
- updating our Telecom Laws;
- technological standards;
- improving rural citizens’ access to technologies;

- seeking investors and investment; and
- of course those Panda Bears we all love.

Morgan Stanley reports that China – not surprisingly – is emerging as a world leader in communications – whether mobile Internet, online gaming, IP-Television or PC monitor manufacturing. As we move forward into an increasingly digital age, the United States and China have a lot to share – and a lot to learn from each other as we strive for mutual enlightenment. I look forward to an ongoing dialogue with the many friends I have made here in Beijing on a regular basis, as we discuss challenges and opportunities presented at this amazing time.

Broadband Deployment

Just four months ago, I assumed my role as Commissioner at the United States Federal Communications Commission. Under Chairman Kevin Martin’s leadership, the FCC has set broadband deployment as a Commission priority. President Bush has set a goal of attaining “universal and affordable access for broadband technology by the year 2007.” In my role as Commissioner, I intend to do whatever I can to meet that goal.

Broadband is critical – critical not only for the communications sector – but indeed for economic development in all sectors, in all countries; from healthcare to financial institutions to education. Broadband technology has a real impact on almost every aspect of peoples’ lives, everyday. It affects the way they educate themselves, the way they access health care, the way they work, and the way they entertain themselves. And broadband technology has a significant impact on the economy as a whole. It allows much greater productivity and spurs greater economic investment and development.

In the United States, we are making significant progress in reaching our goal of broadband deployment. In 2005, broadband access was in 43 million homes – up from 2 million just 6 years earlier. In one year – June 2004 to June 2005 – new broadband subscriptions surged 60%.

Moreover, broadband platforms are engaged in fierce competition. In addition to telephone and cable providers, broadband access is increasingly being delivered to consumers via satellite, wireless, fiber or over powerlines. In 2004, satellite and wireless connections to the Internet increased by 50% and fiber or powerline – BPL – connections by 16%.

Increased broadband deployment has had a dramatic effect on many American’s lives. My home state of Tennessee is very rural. However, broadband in schools brings new technology and new resources to rural and low-income students. I am proud to say that Tennessee ranks first in school connectivity in the United States – with every school in the state connected to the Internet. As an FCC Commissioner, I hope to encourage the importance of school connectivity nationally.

Broadband is also increasingly important to healthcare. It allows hospitals to provide the most up-to-date care, move huge amounts of data and consult experts thousands of miles away at the push of a button. During my tenure at the Commission, I plan to work on initiatives that address the important role broadband can play for rural telemedicine. I have seen retina eye scans – taken in remote areas, sent to ophthalmologists hundreds of miles away; cardiac patients and diabetes sufferers can be monitored remotely – even telesurgery and psychiatry; saving money not only in travel costs to the patient but to the entire healthcare system by often preventing the need for expensive emergency treatment by stabilizing patients much earlier.

Regulatory Parity

I join my colleague, Chairman Martin, in working to remove – to the greatest extent possible – unnecessary regulatory burdens. Legacy economic regulations often make no sense in this digital world and may serve to impede broadband deployment.

You may have heard me say that I believe in regulatory humility. The government needs to be a referee in the communications industry, making sure that everyone plays by fair and consistent rules; it should not be a coach, telling everyone how to play the game. A light regulatory touch promotes investment and encourages competition, and competition is what drives you and industry to create the next great invention or service and keeps those inventions affordable for consumers. Regulation needs to ensure that competition is fair and not favor one technology over another; but it also needs to let companies take into account their own business plans and the economic realities they face and then let them – let you – go to work!

In official meetings with MII, SARFT and the NDRC, I found our discussions to be open and candid. I was encouraged that – like the United States – they are looking for the opportunity and potential not only for investment but also for expanded services to consumers in urban and rural China alike. I appreciate their desire for a continuing dialogue on our shared challenges – from ways to foster investment to recognizing the importance of intellectual property in the digital age; from drafting a new Telecom law to a commitment to discuss capitalization requirements for foreign companies to operate here. All of this is encouraging.

Investment Opportunities

It is well known that in the traditionally highly regulated telecommunications industry, regulatory policy is one of the most closely watched and important factors to investors. And that is understandable, for the regulatory environment will determine whether a company has a fair chance to succeed. Investors have consistently stated that the independence and quality of the regulator and its decision-making are key factors in an investment decision.

But knowing this doesn't make it any easier for regulators. We face a different world today than our predecessors did in a world of regulated monopolies. We face the

challenging task of balancing the interests of an array of different stakeholders, from within and outside our national borders.

We are accountable to the telecommunications and media industry, to advocacy groups representing consumers and the public interest, to the investment community, to consumers with disabilities who may need new forms of technology and equipment, to rural telecommunications consumers, to the international trade community, and, most importantly, to our citizens generally.

Each of these stakeholders has widely differing agendas, interests, and methods to promote their goals. The regulator has the challenging task of balancing all of these goals and seeking solutions that are, by law in the U.S., in the public interest. Often, the solution requires a compromise of interests and there is no clear “winner” or “loser.”

Individual players may be unhappy with a decision. But we as the regulator have done our job if the decision-making process is open, transparent, and free from interference by government and industry. You and your companies deserve technology-neutral, consistent and fair rules – so that you know the rules of game and have an opportunity to compete.

Our end game should be to put in place a regulatory framework that creates opportunities for the private sector to invest; so innovators can innovate. In his State of the Union address, President Bush announced the “American Competitiveness Initiative.” The FCC will play an important role in that initiative by creating an environment that encourages and supports innovation. The National Telecommunications and Information Administration recently found that the FCC Triennial Review Order loosening regulation resulted in more than \$6 billion in investment by Verizon and \$5 billion in investment by AT&T. I hope that I can help make every FCC decision a catalyst for investment.

The outcome in a competitive market is certainly not predictable, and it is not always pretty. Sometimes companies fail. Sometimes companies have faulty business plans. But in the end, I believe that creating an environment where private investors can compete is the best way to develop a vibrant ICT sector and to bring vital services to consumers. As we heard today, consumers are the new innovators and forcing all of us to rethink core strategies.

Public Safety Needs

Although I firmly believe that the FCC should remove legacy economic regulations whenever possible, I believe that regulators still have a vital role in assisting with the proliferation of new, innovative services. Regulators have an obligation to ensure that public safety needs continue to be met as new, innovative services develop and proliferate. If there is a market failure or companies cannot come to commercially negotiated resolution – our role may be as a facilitator.

One of the areas where regulators will continue to play a role is assuring the continued growth of Voice over IP. Internet Protocol is changing the way we make telephone calls, send large amounts of data and get our entertainment. The versatility of IP technology is quickly capturing the attention of American consumers. Three years ago, VoIP has not rolled out in my state. According to one research firm, in the past year the number of people in the United States who use VOIP has tripled to 4.5 million users, and by the end of 2006, that number will rise to 7.9 million and that VOIP will be a \$2.1 billion industry.

This transformational shift in communications will require a lot of changes by regulators as well. American citizens have come to expect certain things from their telephone service no matter how it is provisioned. We may all know that VoIP and plain old telephone service have many differences, but most Americans don't. When people pick up a telephone, they don't care how the signal gets from one place to another, so long as it does. They care that when they dial 9-1-1 in an emergency, someone will answer the call and be able to locate them. They want to know whether their phone will work when the power goes out. VoIP – with all its unique capabilities and potential – also has unique limitations that consumers may not be expecting, and it's important that companies share the responsibility with us to ensure consumer awareness. We don't want people to find out that 9-1-1 does not work on their phones when they most need it.

In this regard, last summer, the FCC issued an Order that VoIP phone service providers supply enhanced emergency calling capabilities to their customers as a mandatory feature of the service. While I remain committed to allowing IP-enabled services to evolve without undue regulation – with a light regulatory touch – I believe that enhanced emergency calling services are critical to the government's and consumers' ability to respond to a host of crises and will continue to support our E911 Order. It is the right thing to do.

Conclusion

Information technology touches a wide array of industries – financial services, retail, entertainment, transportation, security, health care, education, logistics – indeed every industry sector. Broadband provides a crucial foundation to ensuring that these industries can flourish and compete in the global marketplace. What an exciting – explosive – time for all of us to be part of a new age. One that, like the Industrial Revolution, will forever impact our world.

Again, thank you to Accenture for its Southern hospitality and the opportunity to be here. I have enjoyed visiting the fascinating city of Beijing – and will never forget climbing the Great Wall or our conversations over dinner inside the Forbidden City. I leave with fresh insights, new relationships and a heightened sense of purpose for this new Century of Global Connectivity and Convergence. I appreciate the perspectives – the real world experiences – from “smart wallet” to village ladies to the multi-million dollar business of ring tones to the \$100 laptop. What an incredible exchange we have had! I have had the chance to talk with many of you during this conference and in my

official government meetings – and look forward to continuing our dialogue well into the future. Again many thanks.