

**STATEMENT OF
COMMISSIONER MEREDITH A. BAKER**

Re: Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Annual Report and Analysis of Competitive Market Conditions with Respect to Mobile Wireless, including Commercial Mobile Services, WT Docket No. 09-66.

I would like to thank the Chairman and the Bureau for presenting us with a comprehensive, fact-filled Report that thoroughly explores the mobile wireless ecosystem. I am grateful for their hard work. However, I can only concur with this Report because I believe we should have made an affirmative finding of a competitive market based on the year-over-year trends set forth in the Report and the significant consumer opportunities and investment provided by the wireless industry. Prior Annual Reports have drawn such conclusions, and I see no reason to depart from that approach here.

The data in the Report demonstrate a vibrant competitive environment across the mobile wireless sector – from network providers to device manufacturers and application providers. Our analysis should focus on overall competition and consumers not individual competitors in the market. 91.3 percent of Americans can choose from four or more wireless voice providers, and 98.8 percent can choose between two competing voice providers. This translates into consumer opportunity and options. Over 90 percent of consumers subscribed to wireless services in 2008. The Report finds that this high level of competition has resulted in the lowest average monthly voice bill ever and that two-thirds of households subscribe to family packages that did not exist a decade ago. Substantial innovation and investment by the four nationwide carriers, continued growth of regional players, and exciting announcements by new entrants in both the terrestrial and satellite space promise even greater competition in the years ahead.

As the voice market continues to mature, the Report finds significant growth in mobile broadband: the number of Americans with three or more available mobile broadband providers jumped from 51 percent to 76 percent from 2008 to 2009. The Report finds analogous growth in adoption: the number of mobile data subscribers more than doubled from 2005 to 2009 and 42 percent of consumers carried a smartphone in 2009, compared to only 15 percent in 2006. Smartphone pricing has also dropped almost in half from 2006 to 2009. The Report illustrates that mobile broadband growth has attracted significant new investment in handsets and operating systems. There were twice as many handset manufacturers in 2009 as there were in 2006, and Apple and Google have now entered the operating system market. This burgeoning market has also attracted application developers, which has resulted in billions of downloaded applications and entire new business opportunities and jobs. New wireless data-only offerings provide another area of new investment. As network operators continue to invest in upgrading their 3G infrastructure and deploy 4G services, we will soon benefit from another cycle of innovation and investment throughout the mobile wireless ecosystem. Faster and more robust 4G mobile broadband services offer the promise of greater intermodal broadband competition and choice for consumers.

The overall health of wireless competition is demonstrated further in the Report's findings on capital investment and advertising. Despite poor national macroeconomic conditions, over \$240 billion has been poured into our nation's wireless infrastructure from 1998 to 2008, including over \$20 billion alone in 2008. Industry announcements and commitments demonstrate that this track record of investment has, and will, continue. Similarly, the robustness of competition is reflected in the Report's analysis that 3 out of the top 7 nationwide advertisers in 2009 were wireless providers. Moreover, with respect to international comparisons, the Report finds that U.S. consumers benefit from the lowest revenue per minute among comparable European and Asian nations and is the least concentrated market.

In concluding, let me say that I welcome the dialogue with those who have concerns, but I see nothing in

this Report that should lead us to question the overall competitiveness and vitality of the mobile wireless industry in the U.S. Indeed, this Report cannot provide factual support for any shift in the flexible manner in which we auction, license, or regulate wireless services. Again, I thank the Chairman and the staff for their efforts in compiling this Report. I appreciate the expanded scope and the significant additional work it entailed. I look forward to working with my colleagues to ensure that our long-term policies continue to promote a healthy competitive market for mobile wireless services.