

FCC CHAIRMAN JULIUS GENACHOWSKI
SPECTRUM:
AMERICAN COMPETITIVENESS, OPPORTUNITY, DOLLARS AND THE COST OF DELAY

At CTIA's 2011 Wireless Conference in Orlando, FL, Chairman Genachowski will address the need for America to unleash more spectrum for mobile broadband. He gave four core reasons why spectrum is at the top of his agenda: American competitiveness, opportunity, dollars and the cost of delay. New tools like voluntary incentive auctions can lay the groundwork for freeing up additional spectrum and have a tremendous impact on America's economic growth well into the 21st Century.

U.S. Businesses and Job Growth

- Small and large businesses would reap the benefits of more spectrum, resulting in greater investment and more U.S. jobs.
- According to the High Tech Spectrum Coalition, over the next five years, investments in 4G wireless technologies will create 205,000 U.S. jobs.
- Analysts project tablet sales of 55 million worldwide this year, making it a \$35 billion dollar industry.
- By 2015, analysts project that mobile apps will generate \$38 billion in global annual sales.
- Mobile online shopping grew to \$4 billion in sales worldwide in 2010, up from \$1.4 billion in 2009.

Spectrum Demand and Growing Mobile Broadband Trends

- Smartphones are outselling PCs worldwide – 101 million to 92 million in the 4th quarter of 2010.
- Smartphones consume 24 times as much data as traditional cell phones, while tablets can use as much as 122 times the data. Analysts forecast a 35X increase in mobile broadband traffic over the next 5 years.
- In 2010, consumers worldwide downloaded 5 billion mobile apps, up from just 300 million in 2009—a more than 16-fold increase.

Broadband Acceleration: Setting the Stage

- The Commission has empowered consumers by supporting a vibrant, transparent and competitive mobile marketplace.
- The Commission is working to remove obstacles to robust and ubiquitous deployment of 4G mobile broadband (*e.g.*, regulatory barriers related to tower sitings). It's been estimated that removing red tape and expediting approval processes could unleash \$11.5 billion in new broadband infrastructure investment over two years.
- The Commission is already unleashing spectrum for 4G mobile broadband and beyond by opening up the white spaces to enable "Super Wi-fi" technologies and eliminating restrictions on the use of 25 MHz of spectrum in the 2.3 GHz band for mobile broadband.

Incentive Auctions: The Path to Greater Consumer and Business Opportunities

- With authority from Congress, the Commission would run two-sided, voluntary spectrum auctions. Spectrum that licensees voluntarily return would be auctioned for wireless broadband services, with licensees retaining a portion of the auction proceeds.
- The voluntary incentive auction proposal is an incentive-based, market-driven path to tackle America's spectrum crunch and would provide a capital infusion for licensees that choose to participate with some or all of their spectrum, strengthening their economic position.
- Estimates show that the revenue potential of voluntary incentive auctions could reach \$30 billion, much of which could be applied to deficit reduction. Based on past experience, some estimate that the consumer benefits of freeing up spectrum for mobile broadband would be 10 times higher than the value that spectrum generates at auction. An auction market value of \$30 billion would translate to broad consumer benefits of \$300 billion.