

**STATEMENT OF  
COMMISSIONER DEBORAH TAYLOR TATE**

*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 Commercial Mobile Services, WT Docket No. 07-71*

The Commission is required by Congress to produce an annual Commercial Mobile Radio Service (CMRS) Competition Report to monitor the development of competition in this important sector of the telecommunications market. This is the twelfth edition of this report, which for a dozen years has tracked the increasingly competitive nature of the mobile telephony market.

While the Commission's previous reports provided valuable information about the state of the CMRS market, this year's report is especially instructive. Analysis of the extent to which CMRS providers serve a particular geographic area has been improved to supply this information with a significantly greater degree of granularity. Whereas the Commission previously described the number of CMRS providers that served a county – even if they only served a portion of that county – the analysis offered here incorporates census blocks. In contrast to the approximately 3,200 counties in the U.S., there are over 8 million census blocks, the use of which offers a more localized perspective on where CMRS providers compete for customers. Thus, with this latest report, the Commission, Congress, and all other interested parties will have a much better understanding of the state of competition in the CMRS market.

Employing this more finely tuned data, the report finds that competition in the CMRS market in the U.S. is robust. Industry concentration remains low, and no single firm has a dominant market share. Over 95 percent of the U.S. population has access to three or more CMRS providers, and about 90 percent of the population has access to four or more providers. As a result of this competition, prices are very low – averaging seven cents a minute, about a third the level found in Europe. These low prices, in turn, benefit consumers, who have high rates of use – averaging over 700 minutes per month, among the highest of any country in the world.

But there is more than just price competition in the CMRS market. As in other U.S. industries, CMRS providers also compete on the quality of service they offer, as well as the variety of services they offer. Providers' voice and text-messaging services are well-established, and many are now expanding into data applications such as high-speed Internet access. An exciting new development is mobile video, which heralds the entrance of the much-anticipated third screen for video services. While we cannot know what will be the next new service or application in the market, the vigorous competition we see today will help ensure that future developments focus on the needs of consumers, not carriers.

In this competitive environment, Verizon Wireless has recently announced it will open its network at the device and application level in 2008. AT&T and other carriers have had unlocked – and also unsubsidized – handsets available for years, while Sprint Nextel and T-Mobile are

working in partnerships such as the Open Handset Alliance to provide a greater variety of Internet-based applications, such as access to applications by Google. These actions are encouraging. They serve as a reminder that firms in a competitive market often will differentiate their goods and services to attract more and more consumers, from the tech-savvy to the tech-simple, by providing increasingly personalized service. This differentiation means much more than just competing on price; it also means offering the devices, applications, quality of service and type of network consumers demand.

Because consumers' preferences as well as technology continue to evolve, I am disappointed that this report does not say more about product and service differentiation as it relates to open access. Instead, it highlights one policy established for a single band in the upcoming 700 MHz auction. Specifically, this report refers to the *700 MHz Second Report and Order*, in which the Commission found that the market for mobile telephony is "effectively competitive, and that competitive pressures continue to result in the introduction of innovative pricing plans and service offerings,"<sup>1</sup> and then added that "(w)e have not found, however, that competition in the CMRS marketplace is ensuring that consumers drive handset and application choices, especially in the emerging wireless broadband market."<sup>2</sup> While it is true that the Commission has not determined that the market drives handset and applications choices, this is because the Commission has not fully examined the issue. Moreover, to the extent competition remains vigorous in the CMRS market, I believe the Commission should tread carefully when considering proposals for regulation. We should seek first to understand whether there is a market failure that justifies regulatory intervention.

Apart from these concerns, I commend this CMRS Competition Report. It is a very useful document, with page after page of facts, figures, charts, maps and, for the most part, helpful analysis. Most of all, this report is a testament to how the application of a light regulatory touch to a competitive market has resulted in one of the most innovative and vibrant sectors of the U.S. economy. The report also reflects many months of hard work by the Commission's dedicated staff, whose efforts are greatly appreciated.

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<sup>1</sup> See Service Rules for the 698-746, 747-762 and 777-792 MHz Bands, WT Docket No. 06-150, Revision of the Commission's Rules to Ensure Compatibility with Enhanced 911 Emergency Calling Systems, CC Docket No. 94-102, Section 68.4(a) of the Commission's Rules Governing Hearing Aid-Compatible Telephones, WT Docket No. 01-309, Biennial Regulatory Review -- Amendment of Parts 1, 22, 24, 27, and 90 to Streamline and Harmonize Various Rules Affecting Wireless Radio Services, WT Docket 03-264, Former Nextel Communications, Inc. Upper 700 MHz Guard Band Licenses and Revisions to Part 27 of the Commission's Rules, WT Docket No. 06-169, Implementing a Nationwide, Broadband, Interoperable Public Safety Network in the 700 MHz Band, PS Docket No. 06-229, Development of Operational, Technical and Spectrum Requirements for Meeting Federal, State and Local Public Safety Communications Requirements Through the Year 2010, WT Docket No. 96-86, *Second Report and Order*, 22 FCC Rcd at 15362-63 ¶ 200 (2007) ("*700 MHz Second Report and Order*").

<sup>2</sup> *Id.*