

**STATEMENT OF
CHAIRMAN JULIUS GENACHOWSKI**

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

Today we address competition in the wireless marketplace, as part of our statutory duty to produce an annual report on this topic. This is an important step in the process of laying a solid foundation for predictable, fact-based competition policy in the wireless sector, a process that will continue with the other competition reports the agency is responsible for preparing.

Competition is important for many reasons, including, of course, that it produces low prices and high quality for consumers. But competition is also the mother of invention, which makes it especially important in a fast-changing marketplace like communications. Today's Competition Notice is an essential companion to the Innovation and Investment NOI we have just discussed, and vice versa.

To illustrate the importance of competition, let's take a look at some data showing how the wireless industry evolved when competition was introduced in the mid-1990s. During my tenure as an FCC staffer the Commission held the first spectrum auctions. These increased the number of wireless competitors from two to over five providers in some markets.

How did this increase in competition change the consumer market? Between 1994 (when the first PCS Auctions were held) and 1999, there was a drop of 50 percent in the per-minute price of cell phone service, and at the same time the number of subscribers more than tripled.

In addition to these kinds of consumer benefits, competition drives investment and creates jobs. Over the same five-year period, cumulative investment in the industry more than tripled from \$19 billion to over \$70 billion. The industry also quadrupled the number of cell sites, from 18,000 to over 80,000, and industry employment tripled from 54,000 to over 155,000. A competitive wireless sector, in short, is essential to ensuring that communications remains an engine for long term economic prosperity.

Competition also drives innovation. That same period saw a rapid uptick in the pace of industry change, from the deployment of new wireless technologies, to the introduction of new services such as SMS, to the launch of the first nationwide service plans. In more recent years, competition has led to the launch of smart device platforms by innovators such as Palm, Microsoft, Google, and of course, Apple.

We are at a pivotal moment in the history of the mobile industry. We are transitioning from a voice-centric world to a world of ubiquitous, mobile Internet access. This transition promises to increase the pace of innovation and investment, but only if we have an open and competitive marketplace that gives every great idea a chance to make its way to consumers so that the best products or services win.

I hope the new wireless competition report will help set a standard for fact-based, analytically deep analysis of the mobile industry. And we will continue to apply such an analysis to all of the other competition and industry reports produced throughout the Commission.

To succeed in this goal, we will need help from outside the agency: from wireless companies, from the companies that make the networks, the devices, the operating systems and the applications, from academics, from analysts, from consumer groups, from a full and wide range of participants.

We need help identifying facts that crystallize our understanding a market that is constantly evolving in new and exciting ways.