

**STATEMENT OF
CHAIRMAN JULIUS GENACHOWSKI**

Re: *International Settlements Policy Reform*, IB Docket No. 11-80; *Joint Petition for Rulemaking to Further Reform the International Settlements Policy*, Public Notice, RM-11322, Report No. 2764; *Modifying the Commission's Process to Avert Harm to U.S. Competition and U.S. Customers Caused by Anticompetitive Conduct*, IB Docket No. 05-254; *Petition of AT&T Inc. for Settlements Stop Payment Order on the U.S.-Tonga Route*, IB Docket No. 09-10, Second Order and Request for Further Comment; *Petition of AT&T Inc. for Settlements Stop Payment Order on the U.S.-Tonga Route*, IB Docket No. 09-10

Reporting Requirements for U.S. Providers of International Telecommunications Services; Amendment of Part 43 of the Commission's Rules, IB Docket No. 04-112, First Report and Order and Further Notice of Proposed Rulemaking, FCC 11-76

Today, the FCC takes important steps to eliminate outdated policies and unnecessary regulatory burdens. We propose to further deregulate the market for international phone calls. We eliminate five collections of data regarding international communications and propose streamlining and modernizing other data collections.

These steps are part of our broader efforts to streamline and modernize the Commission's rules and reduce unneeded burdens on the private sector, while ensuring the right policies and data collections are in place to enable the Commission to carry out its statutory duties. They've been a focus since the start of my tenure, and they build on the strong work of my colleagues on the Commission; indeed, they incorporate ideas from my colleagues.

These efforts include launching our Data Innovation Initiative, which is designed to ensure the Commission's policies are fact-based and data-driven; working on creating a Consolidated Licensing System, which would provide a single portal of access to all of the FCC's licensing systems; making it easier for radio stations to certify compliance with our technical rules; identifying ways to reduce barriers to broadband infrastructure deployment as part of our Broadband Acceleration Initiative; eliminating unnecessary restrictions on the use of certain spectrum bands; and launching a comprehensive review of our current telecommunications regulations, seeking public comment on which regulations are no longer necessary or in the public interest.

In the first notice of proposed rulemaking we adopt today, we propose eliminating our International Settlements Policy from almost all of the few dozen international routes to which it continues to apply.

The International Settlements Policy prohibits certain potentially anticompetitive terms in agreements for exchanging phone traffic between U.S. and foreign carriers with market power. It was adopted to protect U.S. carriers and consumers. In 1996, international phone rates for U.S. consumers averaged \$0.74 per minute. In 2009, they averaged just \$0.08 per minute, and the volume of annual traffic had increased 250 percent over 1996 levels. What happened?

FCC policies made a big difference.

By the mid-1990s, settlement rates for exchanging international traffic remained substantially above cost, despite earlier efforts to reform the International Settlements Policy. So in 1997, the Commission voted to establish rate benchmarks, which prevented foreign monopolists from demanding excessive rates or anticompetitive conditions in agreements with U.S. carriers regarding the exchange of phone traffic.

This policy has led to such growth in competition that we now face a different challenge. For the remaining routes to which the International Settlements Policy continues to apply, the Policy limits U.S. carriers' flexibility to negotiate efficient and innovative termination agreements.

In these markets, the Policy has outlived its usefulness. So it's time for it to go.

Today we are also eliminating unneeded regulations regarding the collection of data on international phone traffic, comprehensively reforming these policies for the first time in almost twenty years.

In February, as part of our Data Innovation Initiative, our agency-wide data team identified twenty data collections to target for elimination or streamlining. The data collections we address today are in addition to those initial twenty collections – identified as the result of further work by our International Bureau.

We're proposing to eliminate all traffic and revenue reporting obligations for more than 1,000 smaller carriers, and to reduce the level of detail other carriers must report about their international traffic by more than 90 percent. Our reforms will save many thousands of hours currently being spent each year to comply with these outdated obligations, and are part of our ongoing efforts to match our data collections with our data needs.

I thank the staff of the International Bureau for their dedicated work on these items.