

**Opening Remarks of Kathleen Q. Abernathy  
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Good morning, distinguished colleagues and guests. What a pleasure to see so many of again at this, my third GSR.

I am extremely honored to have been selected to chair the GSR this year. It is a tremendous privilege and I will work hard to justify your faith in me. I want to thank Mr. Utsumi, ITU Secretary General, and Mr. Tour?, Director of the ITU's Telecommunications Development Bureau, for their leadership and their vision in establishing this symposium. By providing this opportunity for world telecom regulators to listen to, and learn from one another, Messrs. Utsumi and Tour? are demonstrating yet again that *shared* wisdom is the *best* wisdom. I look forward to open, interesting, and hopefully lively discussions over the next three days on three regulatory issues with major economic and social implications: how to license telecommunications services in

an era of convergence, how to combat spam, and how to promote cost-effective access to broadband and internet connectivity.

The GSR is a unique and extremely practical forum for these discussions. From its beginnings five years ago as an experimental way to bring together regulators from around the globe, it has grown to include government and private sector attendees from every part of the world. I believe the GSR's success derives from the fact that it provides regulators with the opportunity to hold discussions with both private-sector interests *and* with fellow regulators. This maximizes the opportunity for careful consideration and vigorous debates.

This opportunity could not be more timely. In today's world, despite all the economic and social issues that individually distinguish each of our countries, *all of us* are grappling with the same basic problems of how to improve access to telecommunications services for our citizens and how best to structure a regulatory regime that responds to the changing nature

of technology. Moreover, how we respond to these challenges can impact people far beyond the borders of our own countries.

Thus, notwithstanding our differing political and social philosophies and traditions, in the communications arena there is much *uniting* us. The GSR offers us a place to share our experiences and establish common ground on important issues of mutual concern and global impact.

This year's GSR, with its focus on Licensing in an Era of Convergence, is particularly timely. In my discussions with other regulators I have found that one common theme is the search for a regulatory scheme that reflects the realities of convergence and enables consumers to benefit from the new technologies. Over the next three days I am looking forward to sharing ideas and experiences on what licensing alternatives make sense for converging digital technologies, what regulatory policies best promote cost-effective access to broadband technologies, and what measures can most effectively counteract spam.

The final output from these discussions, will be Guidelines on Best Practices for Promoting Low Cost Access to Broadband and Internet Connectivity. I want to thank all of you who have already contributed to this document and I encourage everyone else to engage in the debate over these guidelines throughout this Conference so we can all embrace the final document.

One new addition to this year's conference is a technology demonstration. I encourage all of you to spend some time talking to the private sector companies that are participating in this demonstration. This is a unique opportunity to learn more about the new technologies that are delivering broadband and internet services to consumers all over the world. Please visit with the companies and individuals who are participating in the demonstrations and ask them questions, learn more about their technology. The representative companies are Cisco, Ericsson, Midas Communications Technologies, Intel, Intrado, the Massachusetts Institute of Technology, Nextnet Wireless, Nortel Networks, Qualcomm, Texas Instruments, Telecom Data Egypt,

and Vivato. I recognize that not every technology is an ideal match for every country but this demonstration offers you the opportunity to learn more about what's out there and to factor that information into your regulatory decisions.

And now I'd like to talk briefly about the challenges and opportunities all of us face in this era of convergence.

Technological advancements have dramatically changed the telecommunications world by contradicting our prior beliefs that the economics of communications required a monopoly service provider. Although a true statement in the past, technological innovation and economic competition now allow for multiple providers using different technologies. And this trend has been accelerating, thanks in no small part to the digital conversion.

As mentioned by Secretary Utsumi, digital technology has also profoundly altered the nature of the service providers. Formerly separate voice, video and data services now combine on a single platform. In addition, the creation of entirely new technologies such as wi-fi, wi-max, and voice over internet

protocol (many of which are being demonstrated at the technology demonstration) force us to re-examine our traditional approach to regulation. And if our existing regulatory and licensing policies do not catch up with and reflect this new technological reality, we run the very real risk of limiting the full range of the economic, educational, and social advances these new applications are capable of delivering to our countries.

It's not surprising that existing law and established mind-sets lead us to force *new technologies* to conform to old ideas about monopoly service providers. But I think it is essential that we reverse this equation and instead make *old regulations* conform to *new technologies*.

Perhaps the most fundamental, and lasting revision to be made in this age of digital convergence is to abolish the distinct regulatory categories that are based on the identity of the provider and that so many of our regulatory schemes encourage or require. In a world where different platforms are used to provide functionally equivalent telecommunications services, it is

important to determine how to harmonize distinct regulatory frameworks and licensing schemes. We need to develop more flexible regulatory structures that are focused on the competitive options and the fulfillment of core social policy objectives, and less bound up with arcane service categories or labels.

I recognize how formidable this challenge is because many of us are constrained by legal frameworks that were written well before this technological explosion. But the good news is that new technologies provide regulators with the perfect opportunity to rethink how we regulate and promote competitive markets. To the extent that there are multiple providers competing for customers, we can worry less about the potential for anti-competitive conduct by incumbent service providers.

When it comes to the new services offered by new providers, I propose that we, as regulators, consider adopting a presumption against routinely extending our legacy rules. Those legacy rules were written for incumbent-dominated markets that were regarded as “natural monopolies” and therefore they were primarily focused

on price regulation. But this doesn't mean I'm suggesting that we refrain from any and *all* regulation. Our challenge is to determine what kind of regulatory oversight is valuable in this new era. For example, there will always be certain core social and policy goals that even the most competitive market is unlikely to deliver, such as universal access, access to emergency services, and national security concerns. Assuming a digitally-driven, competitive market, we need to accurately determine which of these concerns can *only* be adequately addressed by regulation.

This movement away from traditional economic regulation undoubtedly will translate into a shift in responsibility for regulators. While becoming *less* involved in price regulation, regulators are likely to become *more* active in two related areas – enforcement and consumer education.

I've seen first hand how important enforcement can be because failure to enforce rules sends the wrong signal to the market. It tells companies that they can engage in anti-competitive behavior or other unlawful conduct with impunity. So we need to

be strong and consistent and write our regulations with enforcement in mind.

In addition to a focus on enforcement, I believe it is also important for regulators to improve consumer outreach and education efforts. Competition delivers tremendous benefits, but it also can confuse consumers as they are faced with unprecedented choices. Today with the increased availability of service and technology options, consumers can be overwhelmed and underinformed.

Regulators play a vital role in informing consumers of their rights and opportunities so that they can better navigate this new marketplace. And education is essential to our ability to regulate in the public interest. For example, just in the past several years, the FCC has engaged in consumer education initiatives including issuing newsletters explaining the effect of our rules on consumers, establishing consumer hotlines for questions and complaints, meeting regularly with consumer groups, and similar endeavors.

But these are just a few of the challenges all of us face as we race to catch up with technology. I am looking forward to our discussions over the next several days on how to address these and other issues raised by convergence. There is no doubt that the issues surrounding licensing in the era of convergence and how to promote cost effective access to broadband connectivity are key to every country's economic and social development. We cannot force new technological innovations into old regulatory categories. To secure the best economic, educational, and social advantages that the wonders of new technology hold out to us, we must craft a new regulatory framework.

I am particularly privileged and delighted to have the opportunity to chair GSR 2004 at this critical juncture, and I look forward to discussing these important issues with you throughout this week's meeting and in the future.

Thank you.