



Jacquelynn Ruff
Vice President
International Public Policy &
Regulatory Affairs

1300 I Street, N.W., Floor 400 W
Washington, DC 20005

Phone 202 515-2530
Fax 202 7983
jacquelynn.l.ruff@verizon.com

January 17, 2005

Gloria Blue
Executive Secretary
Trade Policy Staff Committee
ATTN: Section 1377 Comments
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Submitted Electronically

Re: USTR Section 1377 Request for Comments Concerning Compliance with
Telecommunications Trade Agreements

Dear Ms. Blue:

Verizon Communications (Verizon) submits these reply comments to the United States Trade Representative (USTR) in connection with its review pursuant to Section 1377 of the Omnibus Trade and Competitive Act of 1988, 19 U.S.C. Section 1377, concerning compliance with telecommunications trade agreements. Verizon applauds USTR for its ongoing work to ensure effective competition in global telecommunications markets, including through the annual Section 1377 review. Given the company's provision of international services and presence in a number of foreign markets, Verizon has a keen interest in ensuring fair access to foreign markets for U.S. communications firms.

Our comments focus on the concerns expressed by some parties in the initial round of comments regarding foreign mobile termination rates. We believe that USTR should recognize the positive trends in regulatory oversight and market competition and should refrain from adopting the sweeping conclusions suggested in some comments. As USTR documented in the last review, regulators in many other countries already regulate mobile termination rates or are actively addressing them. Moreover, foreign mobile termination markets are increasingly competitive, creating market pressure to reduce termination rates. As a result of those factors, mobile termination rates are declining. Thus, as a factual matter there is no predicate for the overreaching actions requested by some commenters.

Nor are those actions required by law. USTR should not conclude that existing trade agreements require mobile termination to be cost-based under all circumstances, as some comments suggest. Plainly, views differ as to whether Section 2.2 of the Reference Paper applies to mobile services and, if so, whether a mobile carrier in a particular case should be deemed a major supplier in accordance with the definition in the Reference Paper. Similarly, it is far from clear whether Section 5(a) of the GATS Telecom Annex applies in this instance, and, assuming it does apply, what the requirement for “reasonable” access can be construed to mean.

Given these factual trends and challenging legal issues, Verizon urges USTR to reject as unsupported the suggestion that it conclude that a calling party pays regime is necessarily a violation of trade agreements. There is nothing inherently improper about calling party pays regimes, such as those used by most of countries throughout the world, including in the Dominican Republic, Italy, and Venezuela, where Verizon has investments in mobile carriers. Indeed, the Federal Communications Commission has in the past sought to facilitate more widespread implementation of calling party pays service in the United States. *See, e.g., Calling Party Pays Service Offering In the Commercial Mobile Radio Services*, WT Docket No. 97-207, Declaratory Ruling and Notice of Proposed Rulemaking, ¶ 1 (rel. July 7, 1999) (“[i]n this proceeding, we are seeking to remove regulatory obstacles to the offering to consumers of Calling Party Pays (CPP) services by Commercial Mobile Radio Services (CMRS) providers”).

For these reasons, we urge USTR to focus on a case-by-case basis on practices in particular markets that truly impose barriers on access by U.S. companies to foreign telecommunications markets and where, therefore, failure of the trading partner to address these practices comprises a violation of the terms of a trade agreement. As this Administration advocates market-oriented policies in many sectors of the U.S. economy, including communications services, it would be incongruous for USTR to promote unnecessary regulation in other countries, rather than giving markets there the chance to work.

Verizon would be pleased to provide any further information that would be helpful to the Committee.

Sincerely,

/s/

Jacquelynn Ruff
Vice President
International Public Policy & Regulatory Affairs