

ISSUE: Broadband: Supply, Demand and the Role of Regulatory Policy

ABOUT CEA: The Consumer Electronics Association (CEA) represents companies that lead the consumer electronics industry in the development, manufacturing, and distribution of audio, video, mobile electronics, communications, information technology, multimedia and accessory products, as well as related services, which are sold through consumer channels. Our more than 1,000 member companies generate more than \$80 billion in annual factory sales and employ hundreds of thousands of Americans.

BACKGROUND: The full potential of the Internet and its benefits to society cannot be realized until convenient and cost-competitive broadband connections are a reality for all Americans. Technologies such as enhanced distance learning, home networks and Internet high-definition programming cannot be realized by consumers without high-bandwidth connections. It is important to ensure that these and other emerging technologies are not left at a stand still, unable to reach the consumer, due to the lack of broadband. Furthermore, higher penetration of broadband will encourage new purchases of technology and services, providing incalculable benefits to both consumers and the economy.

CEA POSITION: We believe that market-driven facilities-based competition is the best way to promote rapid deployment of broadband technologies. Consumers want choices when evaluating broadband options – from level of service to price. Therefore, it is important to have a competitive broadband communications environment that offers maximum choice with minimum cost to the consumer. With more choices, consumers will have more incentives to upgrade to broadband. In turn, as more consumers realize the benefits of high-speed Internet access, consumer demand for broadband will inevitably increase.

To facilitate competition and fairness among all technology platforms, policy makers should work toward removing regulation that inadvertently discourage investment and limit competition, and rely on marketplace incentives to ensure that consumers have a wide choice of broadband technologies and providers.

Specifically, we believe that the Federal Communication Commission should refrain from imposing Section 251 unbundling obligations on incumbent local exchange carriers' (ILECs') new fiber and DSL electronics deployed on the customer side of the central office. Freeing the ILECs' new, last-mile broadband facilities from Section 251 unbundling requirements would encourage investment in broadband facilities which is needed to spur competition.

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