



Spectrum Allocation and Management

Issue Summary

Spectrum Auctions

The Federal Communications Commission (FCC) uses auctions to distribute licenses for new wireless radio services such as third generation mobile wireless services (3G). Licenses sold at auction often cost billions of dollars, but those license fees are not used to pay for relocation costs of incumbent users. In the case of one 3G spectrum band, the cost of incumbent relocation alone was estimated at between \$2.2 billion and \$4.5 billion.

When a new telecommunications service like 3G is proposed, businesses rush to compete for licenses. Spectrum auctions are designed to be the fastest method to select the winning applicants. However, recent auctions have elucidated efficiency and expediency problems under the current system. Due to the auction involving NextWave, a company that won spectrum licenses but subsequently filed for bankruptcy, valuable bandwidth will be the subject of court disputes for years.

Advanced Technologies and Spectrum Management

Advanced technologies are enabling wireless providers to use spectrum more efficiently than ever before and will fundamentally change the way spectrum is managed. New methods of packaging voice and data transmission, and new transmission technologies such as ultra wideband (UWB) and spread spectrum, pose potential solutions to the problem of artificial spectrum shortage. In addition, new technologies are making previously unusable spectrum available for commercial use.

Every new solution brings new challenges as these services compete for valuable bandwidth with the growing incumbent wireless market. The needs of current providers and users must be balanced with the desire to foster innovation in Wi-Fi and other unlicensed spectrum services.

U.S. Chamber Position

The federal government must develop a comprehensive, unified, national spectrum management strategy designed to reduce the artificial scarcity of spectrum and enhance flexibility in allocating spectrum. Such a strategy should support international free trade agreements and access to international markets. A national spectrum management strategy should also rely on market forces to determine the most effective uses for commercial spectrum, while providing for other uses of spectrum in the public interest.

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