

THE WIRELESS PERSPECTIVE ON NEUTRALITY REGULATION

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COMPETITION, NOT REGULATION, BEST SERVES CONSUMERS. The wireless industry has proven time and again that competition, and less regulation, not more, best serves consumers. 97% of the U.S. population lives in counties with access to three or more operators offering mobile telephone service. In addition to this country's more than 180 facilities-based wireless providers, numerous Mobile Virtual Network Operators (MVNOs) such as Disney, ESPN, and Virgin Mobile, are launching services featuring customized content and devices. Wireless consumers have a choice among rate plans -- there are family plans, national plans, regional plans, data plans and voice plans to name a few. Wireless consumers can choose among hundreds of new handsets and mobile devices each year. Meanwhile, the average wireless bill keeps declining. This is a direct result of Congress' decision in 1993 to refrain from the kind of heavy-handed regulation being called for by Neutrality Regulation proponents.

NEUTRALITY REGULATION WOULD STIFLE COMPETITION AND THEREFORE DISSERVE CONSUMERS. If all telecom service providers were forced to act alike providers would not be able to differentiate their services from one another and offer personalized services in response to consumer demand. Some wireless consumers want a family plan, others want a local plan; some want the latest gadgets while others prefer their time-tested analog handsets. By requiring all providers to essentially offer the same product, consumer choice and the ability to offer exactly what the consumer wants withers away. Moreover, new entrants or smaller providers lose their ability to differentiate themselves and therefore lose their ability to compete for the consumers' telecom dollar. Innovative business models like MVNOs would not be able to develop and offer niche services that compete with larger entities. This would disserve consumers by restricting competition and therefore restricting choice.

NEUTRALITY REGULATION WOULD UNDERMINE THE WIRELESS CONSUMER EXPERIENCE. The wireless consumer experience begins with the handset, how it interacts with the network and how the network interacts with the device. The wireless consumer experience is also a function of the kinds of services and applications subscribed to and the quality of the delivery of those services by the provider. Wireless broadband providers must remain free to offer services to supplement their broadband Internet access offering, including bandwidth tiers, quality of service, security, anti-virus and anti-spam services, and network management. They must also remain free to enter into commercially-negotiated agreements with unaffiliated parties for the provision of such additional services and applications. Finally, these broadband providers must remain free to innovate in the development and deployment of carrier-branded services that are distinct from public Internet access service.

NEUTRALITY REGULATION WOULD DISCOURAGE INVESTMENT. The costs involved with upgrading and installing the network infrastructure needed to transmit the kinds of rich Internet content Americans want is tremendous, yet Wall Street analysts have testified before Congress that regulation in this area will drive away investment. The wireless industry is poised to be an economically viable and technologically proven broadband alternative but current data reflects that wireless only accounts for less than 1.3% of the home broadband market. Continued investment is crucial and driving it away now could significantly constrain wireless from becoming a nationwide competitive choice for consumers.

THERE ARE EXISTING REMEDIES IF AND WHEN A PROBLEM OCCURS. In the adoption of its net neutrality principles, the FCC stated that it has the authority to address any problems in this area, as it did in the Madison River situation. In addition to the FCC's authority, there is more than a 100 years of antitrust law and precedent to apply if and when the government determines there has been a market failure.

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