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January 18, 2005

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
ATTN: Section 1377 Comments
Office of the United States Trade Representative
1724 F Street, NW
Washington DC 20508

RE: Reply Comments: Request for Comments Concerning Compliance with
Telecommunications Trade Agreements 69 Federal Register 68439 (November 24, 2004)

To the Members of the Trade Policy Staff Committee:

BellSouth Corporation submits these comments to assist the U.S. Trade Representative in its annual Section 1377 review. The comments are not specific to a particular country, but address a fundamental policy approach that has been raised in some submissions in this proceeding and in proceedings in prior years.

BellSouth believes, based on empirical evidence and its own experiences as a mobile operator in Calling Party Pays (CPP) markets, that mobile termination rates in those and similar markets are neither unreasonably high nor discriminatory. The CPP model has resulted in rapidly increasing deployment of mobile services in many regions of the world. Mobile termination rates in CPP regimes recover different costs from those under Receiving Party Pays (RPP) mobile regimes or in wireline networks. Additionally, mobile termination rates in CPP countries may incorporate factors above network cost, such as universal service objectives. Mobile markets are generally acknowledged to be competitive worldwide, and this vigorous competition is applying downward pressure to mobile termination rates. As mobile markets are generally competitive, intervention with respect to mobile termination rates would not be necessary.

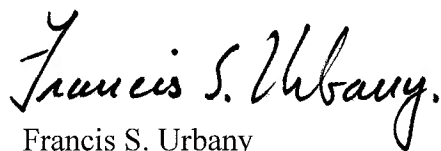
To the extent that any regulatory action would be necessary in a specific case, the national regulator operating under a national regulatory framework that establishes a competitive, market driven business environment is best suited to take action. The national regulator can most effectively gather the relevant data and assess market conditions, and most appropriately consider the extent to which any social policy goals may be integrated into mobile termination rates. In fact, a review of the submissions in the USTR's prior Section 1377 reviews reveals improvements in many countries as domestic regulators, when appropriate, have commenced their own reviews of mobile termination rates.

If the USTR is presented with a concern about the practice of a particular country, BellSouth believes that USTR can and should be an effective advocate to address that concern. USTR will be most effective when it works with the foreign government to ensure that the national regulatory regime is consistent with international obligations and that a national regulator administers the regulatory regime in a fair, impartial and transparent manner. That process will afford all interested parties the ability to air the relevant considerations to the entity responsible for and best equipped to address it.

BellSouth maintains this policy position in U.S. domestic and international fora. Thus, the attached comments, *In the Matter of The Effects of Foreign Mobile Termination Rates on U.S. Customers*, which were filed with the FCC on January 14, 2005, more fully explain BellSouth Corporation's position. Attached to that submission are two studies by respected economic consultancies. One attachment, *The Diffusion of Mobile Telephony in Latin America*, by Network Economics Consulting Group, discusses the rapid diffusion of these technologies in Latin America and notes that "competition for customers has encouraged innovation, increased efficiency, and provided consumers with choice, reduced prices and increased quality of services." The second attachment, *Economic Analysis of Fixed-To-Mobile Call Termination Charges*, by Charles River Associates, analyzes the regulation of rates for foreign mobile termination. It concludes that competitive retail markets obviate the need for regulation.

BellSouth Corporation appreciates this opportunity to raise its views on the policy approaches that will promote growth in the market for mobile services and create a competitive, market driven business environment.

Sincerely,

A handwritten signature in black ink that reads "Francis S. Urbany". The signature is written in a cursive, flowing style.

Francis S. Urbany