Before the
INFOCOMM DEVELOPMENT AUTHORITY OF SINGAPORE

In the Matter of	)
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Charging for Mobile Phone Services:	)
Mobile Party Pays vs.	)
Calling Party Pays	)

Comments of Sprint Communications Company, L.P.

Sprint Communications Company, L.P. ("Sprint") respectfully submits its comments in response to the Consultation Paper on Charging for Mobile Phone Services: Mobile Party Pays ("MPP") vs. Calling Party Pays ("CPP") released by the Infocomm Development Authority of Singapore ("IDA") on January 11, 2002.

Sprint and its affiliates have more than 100 years of operating experience, and are recognized leaders in the long distance/international, local, wireless, and Internet segments of the industry. Sprint is the third largest long distance provider in the United States, and, together with its affiliates, generates annual revenues of more than US $20 billion, and serves more than 20 million business and residential customers. Among other honors, Sprint was named the Most Admired Telecom Company in 1999 by Fortune Magazine and the #1 IT company in 2000 by Information Week Magazine.

Sprint has established its reputation by combining cutting-edge technological innovation with outstanding reliability and customer service. Sprint built and operates the United States' first nationwide all-digital fiber-optic network, comprised of over 180 self-healing synchronous optical network ("SONET") rings supporting speeds of up to OC48. A technology leader, Sprint was also the first long distance carrier in the United States to: provide multilateral, international virtual private network ("VPN") service; launch transoceanic, broadband Internet services throughout the world – at speeds 17 times faster than before; and offer successful router-to-router transmission of STM-64/OC-192 data over the TAT-14 trans-Atlantic cable. Sprint's wireless affiliate is also a leader in that arena, boasting the largest all-digital, all-PCS nationwide wireless network in the United States.

As a global telecommunications leader with extensive experience in the provision of fixed and mobile communications, including a range of service offerings in Singapore, Sprint offers the following comments on cost-related interconnection issues raised in the IDA's Consultation Paper.

4. EXCEPTIONS MADE FOR MOBILE CALLS UNDER INTERCONNECTION FRAMEWORK

IDA invites comments on the changes necessary to the existing Fixed-Mobile Interconnection (FMI) framework with respect to the overall Interconnection Framework under the Telecom Competition Code. For example, O/T/T including interconnection configuration, provision & payment for interconnection links between operators etc. if a CPP charging method is adopted.

In its Consultation Paper, the IDA recognizes that any transition to a CPP system would necessitate a change to the call settlement flows between fixed and mobile operators. Such a change, if implemented, could have a significant impact on calls originating both domestically and abroad. Sprint encourages the IDA to consider safeguards to prevent mobile operators from using their control over termination facilities to exact above-cost termination fees from fixed providers. Absent such safeguards, consumers could be significantly harmed.

In a CPP environment, fixed operators are often required to pay a fee to the mobile service provider for the cost of terminating traffic.[1] Such fee is frequently passed on to the fixed operator's customer. Given the mobile operator's control over access to its facilities, there is opportunity for mobile operators to exact above-cost rates for the termination of such traffic, or to do so from some calling parties but not others. Above-cost rates therefore result in the calling party paying unjust and unreasonable charges. A mobile operator may also have the ability to discriminate unreasonably among different types of operators that deliver calls for termination. This problem could be particularly acute where the mobile service provider is affiliated with a fixed line operator. A fixed line operator that has no local wireless affiliate has no way to respond competitively to this discrimination.

In other markets where CPP has been implemented, there is evidence that mobile operators could be abusing their control over termination facilities. In Europe, for example, the costs of terminating traffic under a CPP scheme has led to significant increases in the mobile termination rates charged by mobile operators *vis-à-vis* the charges imposed by fixed-line operators. In certain instances, rates for the termination of traffic on a mobile network are roughly 3-10 times more than for termination of traffic on a fixed network. Although the incremental cost of terminating a call on a wireless

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[1] Depending on how CPP is implemented, other mobile operators might, of course, be obligated to pay such fees as well.

network is higher than the wireline termination cost, the high rates charged for mobile termination are often far in excess of this cost difference.

Given the wide disparity in these charges, several inter-governmental and government agencies have initiated inquiries to examine the prevalence of above-cost termination rates and the possible anti-competitive effects that they may cause. In the European Commission's Seventh Implementation Report, for example, the European Commission ("EC") concluded that mobile termination charges between its member states could not be justified, particularly when compared to fixed termination charges.[2] The EC expects to announce plans to address this issue by Summer 2002.[3] Study Group 3 in the International Telecommunications Union ("ITU") has also organized a Rapporteur Group to study the possible consequences of high mobile termination rates.

In addition, several individual countries have initiated inquiries to address the impact that high mobile termination charges may have on consumers. The Swiss Competition Commission, for example, has initiated an investigation to examine possible abuse by mobile operators in the charges imposed for the termination of traffic on their networks. Other countries, such as Austria and France, have announced sizeable

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[2] *See* European Commission, Communications from the Commission to the Council, the European Parliament, the Economic and Social Committee and Committee on Regions, Seventh Report on the Implementation of the Telecommunications Regulatory Package, COM (2001) ("Seventh Implementation Report").

[3] Mario Monti, European Commissioner for Competition Policy, "Competition and the Consumer: What are the Aims of European Competition Policy," European Competition Day in Madrid (26 Feb. 2002).

reductions in the amount that mobile operators may charge to fixed carriers for termination of traffic.[4]

In view of the potential for abuse, Sprint encourages the IDA to consider some means to ensure that mobile operators cannot abuse their control over termination facilities to exact above-cost mobile termination rates or to discriminate among providers, should the IDA elect to move to a CPP system. Such safeguards would help to ensure that any such inflated or unreasonable costs are not ultimately borne unfairly by consumers.

Respectfully Submitted,

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[4] The Austrian regulator has implemented a two-phase reduction in mobile termination charges that will lead to a 11.25 eurocent (10 US cent)/minute rate by the end of 2002. France has announced a three-phase reduction, which will reduce mobile termination rates by more than 40% by 2004.