of technological innovation quickens, this will become increasingly difficult and yet increasingly necessary.

With the U.S. experience as our guide, we offer the following observations about the characteristics of telecommunications legislation that are necessary to respond to changes in this dynamic sector. The optimal regulatory and legislative frameworks will:

- Identify the goals and objectives of the law, including the promotion of competition;
- Be sufficiently flexible to permit the introduction of new services and technologies without requiring amendments to the legislation;
- Delegate broad powers to a regulatory authority independent of a national operator and charge that independent authority with keeping abreast of technological and market developments;
- Establish a transparent and open process whereby the public and interested parties are informed and can participate in rulemaking and adjudicatory proceedings; and
- Aim towards open market access based on nondiscrimination principles.

We recognize that regulatory reform can take many paths. Some countries have established a regulatory entity responsible for both formulating and implementing telecommunications and mass media policy, as well as overseeing the activities of these sectors. Others have relied on the separation of operational and regulatory functions of the government-owned and/or franchised national operator, with government bodies assuming responsibility for regulatory decisions. Still others rely more heavily on national competition law and policy for oversight.

Regardless of the regulatory model that countries adopt, regulations should clarify the respective rights and obligations of incumbent operators and new entrants. New market entrants need assurances that incumbent operators will not be allowed to use their dominant market positions to hinder the evolution of successful competition. Similarly, public and transparent regulatory processes create stable commercial environments, which are necessary to attract private investment. As such, rules and regulations should clearly indicate:

- The scope of permissible competition, e.g., the particular market segments open to new entrants;
- The means by which new entrants can gain market access, e.g., private investment, licensing requirements, and cross-border services;

- The nondiscriminatory terms and conditions of interconnection to an incumbent operator's network and of supplying information services over the network; and
- The procedures by which new entrants and users can bring complaints and obtain redress from the regulator, e.g., enforcement mechanisms. Additionally, it is critical that a procompetitive regulatory regime ensure:
- The establishment of other structural or nonstructural safeguards to protect against the anticompetitive exploitation of market power by the incumbent service provider to the detriment of the new entrants;
- The appropriate balancing of public service obligations among operators/carriers:
- Charging and pricing policies that are based on the costs of providing service; and
- The efficient, effective, and procompetitive management of scarce resources, especially the radio frequency spectrum.

In light of the increasing demands on the radio spectrum for the introduction of new wireless communications systems and services, the last point merits particular emphasis. Among these new technologies, none better embodies the need for an open regulatory model embracing competition and careful management of the spectrum than the nascent handheld mobile satellite services. If these services are to achieve their global potential, cooperation among national spectrum regulators will be required, as will a willingness to permit multiple market entrants to ensure that new satellite services do not become the exclusive property of a sole provider.

Governments should avoid burdensome regulation that stifles innovation and new service offerings. Governments must guard against the expansion of regulation into market segments that have not traditionally been subject to regulations and that have functioned extremely well on an unregulated basis. The examples of Australia, Canada, and the United States in computer and business information services are illustrative. They are among the leading nations in personal computer penetration rates among consumers. Not coincidentally, they also provide an open, dynamic, and almost totally unregulated market for information technology and services. Equally important, while some government regulation is necessary as a marketplace transitions from a monopoly to a competitive structure, once competition is achieved, continued regulation can be unnecessary or even

counterproductive in promoting efficiency, innovation, and customer responsiveness. In short, governments must be prepared, and must invest their regulatory agencies with the authority, to adjust regulatory structures as the demands of the marketplace and technology require.

Just as national regulatory environments need to be responsive to emerging market and technological developments, so too must the overarching international environment continually adapt to new developments. The successful efforts of governments and industry to improve global interconnectivity and liberalize international telecommunications demonstrate the value of working together in various international fora to promote progressive and flexible national regulations. These efforts must continue.

Recommended Action

Although national regulatory environments necessarily reflect the specific social, economic, and political needs of each individual country, the essentially global nature of the markets for telecommunications, information technologies, and information services require that national regulations be responsive to global developments. The United States will join with other governments to:

 Re-examine and adapt regulations and legislation to accommodate market and technological developments at national and global levels in support of the five GII principles;

• Create, through regulatory and/or legislative reform, a pro-competitive, technology-neutral regulatory environment to maximize consumer choice, to provide fair access to networks, and to stimulate infrastructure development, the introduction of new services, and the wider dissemination of information;

• Exchange views and information on national regulatory and legislative initiatives and seek to identify common challenges and options for developing flexible and transparent regulations in support of the development of the GII;

 Work collectively in regional and international organizations to convene meetings devoted specifically to encouraging the adoption of regulatory policies that will promote the GII; and

 Encourage creation of independent national regulatory authorities for telecommunications separate from the operator that shall promote the interest of consumers and ensure effective and efficient competition. Such authorities should have sufficient powers to carry out their missions and should operate