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This Week@Cisco in Government Affairs

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This Week@WASHINGTON, DC

FCC Preparing To Overhaul Telecom, Media Rules - If All Proposals Are Enacted, Major Firms in Field Will Be Less Regulated and More Free to Expand - Over the next few months, a single federal agency will begin to fundamentally alter the nation's communications and mass-media landscape, rewriting a broad swath of rules that affect the choices consumers have for getting online and the variety of television and radio programming they watch and hear. If all of the changes being reviewed by the Federal Communications Commission are enacted as proposed, major telecommunications and media corporations will be less regulated, and more free to grow, than at any time in decades. <http://www.washingtonpost.com/wp-dyn/articles/A3541-2003Jan2.html>

Commerce Power Shift Could Shake Up Piracy, Broadband Debates - As the newly Republican Senate prepares to take office in January, high-tech lobbyists are anxiously waiting to see how the power shift affects the measures they care about most. In the Commerce Committee, which holds sway over a clutch of high-tech issues, Arizona Republican John McCain's return to the chairmanship could shift the balance in key debates over broadband and electronic copyright protection. The Commerce Committee has done little more than release a brief statement detailing its plans for early 2003, promising examinations of spectrum policy, media takeovers, cable rates, broadband rules, telecom competition and intellectual property law. But staff members won't discuss McCain's positions on these topics. <http://www.washingtonpost.com/wp-dyn/articles/A28399-2002Dec23.html>

The Positively Broadband Campaign Relaunches Website - A coalition of companies and trade associations committed to building demand for broadband services, has relaunched its website at www.positivelybroadband.org. The site brings together substantial information about the demand side of the broadband equation, including The Demand Side, a new newsletter on the topic, and one-on-one interviews with a series of notables in the Leadership Dialogues series. www.positivelybroadband.org

Science And Technology Key To Administration's Commitment To Economic And Homeland Security - During 2002, the Administration and U.S. Department of Commerce have been focused on the priorities of economic and homeland security and enacting the President's agenda for a safer, stronger and better America. "Science and technology have played essential roles in improving the economic and homeland security of all Americans," said Commerce Secretary Don Evans. "The Department of Commerce has furthered the President's call to marshal the nation's technology resources to help the United States win the war on terrorism, strengthen homeland protections, revitalize the economy and create new jobs." http://www.commerce.gov/opa/press/2002_Dec31_Evans_scitech.htm

Tech Industry Takes On Hollywood Over Digital Rules - The high-tech industry plans to launch a sophisticated new lobbying campaign later this month to strike back against Hollywood in a battle to shape rules of the road for new digital technologies. They hope to convince Congress that strict copy-protection legislation that sets technological mandates would stifle innovation, harm consumers and threaten an already suffering tech industry. <http://www.siliconvalley.com/mld/siliconvalley/4865275.htm>



Bush Is Poised To Disclose Economic Stimulus Plan - President Bush said he will unveil on Tuesday his broad plan to cut taxes to stimulate economic growth, and aides are now tinkering with the details to reduce flak from Democrats that the White House is catering to the wealthy. The plan likely will have three main parts: reducing taxes on corporate dividends, accelerating the date by which other tax cuts become effective and providing businesses with bigger write-downs of equipment purchases. Most of the gains from the changes will benefit higher-income earners and businesses. <http://online.wsj.com/article/0,,SB1041547093982629273,00.html> (Paid subscription required)

GAO Report – Electronic Government: Selection and Implementation of the Office of Management and Budget's 24 Initiatives. <http://www.gao.gov/highlights/d03229high.pdf> (Adobe file)

E-Gov To Top \$5b By 2007 - The federal government could spend more than \$5 billion on e-government initiatives by fiscal 2007, according to a report released last month by Input. The market research firm expects the Office of the Secretary of Defense to lead the way, spending \$778 million on e-government in 2007, compared to \$453 million in 2002 — a compounded annual growth rate of 11.4 percent — followed by the individual spending power of the Army, Navy and Air Force. The Treasury Department tops the list of civilian agencies, according to the report, and is expected to spend \$400 million in 2007, compared to \$212 million in 2002, a compounded annual growth rate of 13.5 percent. Other top e-government spenders are NASA and the departments of Health and Human Services, Transportation, Justice and Commerce. <http://www.fcw.com/fcw/articles/2002/1230/web-egov-01-02-03.asp>

Security, Telecom Top Tech Policy Agenda For 2003 - Congress Will Oversee New Cybersecurity Bureaucracy, Revisit Broadband Rules - Even before the 108th Congress convenes, lawmakers face an inbox full of tech policy items left over from previous sessions and crowded with a growing list of emerging policy items sure to draw attention on both sides of Capitol Hill. Senators and representatives will return to Washington charged with overseeing a newly created homeland security department -- an agency designed to protect the nation's physical and digital resources. How to balance high-tech surveillance with privacy protections for ordinary citizens likely will be the hot-button tech issue of 2003. <http://www.washingtonpost.com/wp-dyn/articles/A55618-2002Dec30.html>

This Week@EMEA

A Help Line For European Telcos - European incumbent telecom operators are struggling to reduce their expenses, but cost cutting alone won't revive their fortunes. Revenue from voice traffic, which still accounts for 70 to 90 percent of all wireline revenues, is shrinking by up to 9 percent a year for some telcos. Meanwhile, though data volumes have grown rapidly, data revenues have undershot expectations as a result of overcapacity and severe price pressure. If the current revenue situation doesn't improve, cash flows will inevitably worsen and valuations will come under yet more pressure. http://www.mckinseyquarterly.com/article_abstract.asp?ar=1263&L2=22&L3=77&srId=17&gp=0 (Free registration required)

European Copyrights Expiring On Recordings From 1950's - European copyright protection is expiring on a collector's trove of 1950's jazz, opera and early rock 'n' roll albums, forcing major American record companies to consider deals with bootleg labels and demand new customs barriers. Already reeling from a stagnant economy and the illegal but widespread downloading of copyrighted music from the Internet, the recording companies will now face a perfectly legal influx of European recordings of popular works. <http://www.nytimes.com/2003/01/03/arts/music/03COPY.html> (Free registration required)

Wireless In Kenya Takes A Village - Cell-phone operators drastically underestimated demand for cell phones in Kenya when they bid for GSM licenses there in 2002. When Vodafone UK sent Michael Joseph to Kenya in July 2000 to set up Safaricom, a cell-phone service operator jointly owned by Telkom Kenya, he did not expect the subscriber base to grow beyond 50,000 connections. Today, both Safaricom and rival KenCell Communications (partly owned by Vivendi) have nearly 1.3 million cell-phone subscribers. While most people here cannot afford a cell phone, this has not prevented thousands of poor villagers from transforming their friends and families into walking communications nodes. This setup is deeply rooted in the traditional African communal mode of living, which many urban dwellers haven't abandoned. <http://www.wired.com/news/wireless/0,1382,57010,00.html>

This Week@Americas/International

Online In Ecuador? It's Taking Awhile - Like many developing countries, Ecuador faces a significant digital divide - only 2.7 percent of the population has ever been online and few rural communities even have telephone service. Politics and geography are the two most significant barriers to bridging the technology gap. Claims of corruption in the regulatory mechanism that governs entry in to the access point market are widespread, as exorbitant and seemingly unjustified fees stand in the way of new entrants. Beyond the potential government malfeasance, the cost of universal deployment is more than prohibitive. An executive with Conatel, the government-owned communications company, estimates



that building infrastructure on a national scale, including connecting wire through the Amazon jungle, would require expenditures totaling more than a third of the country's budget. <http://www.nytimes.com/2003/01/02/technology/circuits/02ecua.html> (Free registration required)

This Week@Asia/Pacific

China's 3G Standard Not Ready Till '04–Developer - China's home-grown third-generation mobile technology is still in testing and will not be available until 2004 at the earliest, its main developer said on Thursday. The government-backed standard, called TD-SCDMA, is a potential rival to Europe's WCDMA service and U.S. Qualcomm Corp's CDMA2000 when the world's biggest cellular market chooses 3G technologies. "It will be ready for large-scale commercial use in 2004 at the earliest," Li Shihe, chief technology officer at Datang Mobile Communications Equipment Co Ltd, told Reuters.

http://news.yahoo.com/news?tmpl=story2&cid=581&ncid=581&e=5&u=/nm/20030102/tc_nm/telecoms_china_dc

Japan's Phone Users Migrate On To The Net - December is a busy month for Tokyo street vendors hawking everything from Christmas cakes to New Year's decorations. This year, there is a novel addition to the usual year-end fare - subscriptions to Internet Protocol (IP) phone services. Yahoo! BB, a subsidiary of Softbank, has been aggressively marketing its phone service, which uses IP to offer cheap call rates. Yahoo! BB's aggressive push into Japan's ¥5,000bn (\$42bn) fixed-line telecommunications market has prompted incumbent carriers and big-name internet service providers (ISPs) to follow suit. In the past few months, KDDI and Japan Telecom, Japan's second- and third-largest telecoms groups, Nifty, Japan's largest ISP, and most of the other large ISPs have intentions to start IP phone services.

<http://news.ft.com/servlet/ContentServer?pagename=FT.com/StoryFT/FullStory&c=StoryFT&cid=1039524022187&p=1012571727248> (Paid subscription required)

This Week@US States

Mississippi Puts Wired Computer In Every Classroom - In a milestone for student achievement and state pride, Mississippi has become the first state to have an online computer in each of its public-school classrooms, a spokesman for the governor said. The state met the goal set by Gov. Ronnie Musgrove to connect Mississippi's 32,354 public classrooms to the Internet by Dec. 31, spokesman John Sewell said Wednesday. The accomplishment has added importance in a state that has often found itself near the low end of educational and economic rankings. "I've never known Mississippi to lead the nation in any educational category or technological category," said Tom Pittman, publisher of The DeSoto Times in northern Mississippi. "It puts us at the forefront of something that is significant and important."

http://news.yahoo.com/news?tmpl=story2&cid=528&ncid=528&e=2&u=/ap/20030102/ap_on_hi_te/computers_in_classrooms

Rocking The Foundations Of The Last Mile - A new technology from Renaissance and a mounting sewer system crisis in US cities may forever change how we view the viability of last-mile fiber deployment. Most people rarely consider the sewer system running beneath their communities. A draft report by the Environmental Protection Agency projects that in fewer than 15 years, the U.S. will be in a very messy situation, with more than half of the country's sewer pipes in poor or very poor condition - or broken. On the telecom front, U.S. telecom industry analysts are worried, too. While the wildly misunderstood "fiber glut" debate continues, there remains a serious problem - the lack of last-mile fiber-optic connectivity. Less than five percent of the nation's businesses have direct fiber-optic access, their high-speed LANs dribbling data through the last-mile bottleneck. The United States is trailing ever farther behind in fiber to the home (FTTH) deployment, with Japan, Sweden and Italy far outpacing the U.S. in installed FTTH lines.

http://www.coming.com/opticalfiber/guidelines_magazine/eguidelines/vol1/a2_01_rocking.asp

Other Tech Stories Of The Week

Report: Online Spending Busts Records - Buoyed by a rising population of online shoppers and more liberal spending by online shopping veterans, e-commerce in the United States in 2002 blew away old spending records with a nearly 40 percent leap over 2001, according to preliminary results from one research firm. Not counting auctions, online consumer sales leaped to about \$74 billion in 2002, according to ComScore Networks. "This is particularly impressive considering the fragile economy and one of the worst holiday retail seasons in recent memory," ComScore said in a statement accompanying the results. <http://news.com.com/2100-1017-978863.html>

Study: Internet Use In U.S. Homes Routine - The Internet has become a staple source of information for American households about health care, government services and potential purchases. About 60 percent of 2,000 people surveyed in the Pew Internet and American Life Project study said they used the Web regularly. Two-thirds of those had been online for three or more years. At least 80 percent of the Internet users questioned in September and October said they expected to find reliable news, health care information and government services information on the Web. http://news.yahoo.com/news?tmpl=story2&cid=581&ncid=581&e=11&u=/nm/20021229/tc_nm/tech_internet_dc



Broadband About-Face - The broadband race is making a U-turn, as Web giants such as Yahoo, MSN and now America Online head away from plans to run their own high-speed Net access services and move toward branding partnerships with the Baby Bells and other heavyweights. Faced with economic realities and the reluctance of broadband providers to rent their pipes for "leased-line" services, AOL and the others hope to package their Internet products as a front end for services essentially run by their network partners. AOL announced plans along those lines last month, falling in behind Yahoo and MSN. And analysts believe such partnerships are likely to take off next year, fueling growth in an industry that has faced high costs for both providers and consumers. <http://msnbc-cnet.com.com/2100-1023-978804.html>

Who Owns The Internet? You And I Do - Joseph Turow, a professor at the Annenberg School for Communication at the University of Pennsylvania, has begun a small crusade to de-capitalize Internet - and, by extension, to acknowledge a deep shift in the way that we think about the online world. "The capitalization of things seems to place an inordinate, almost private emphasis on something," he said, turning it into a Kleenex or a Frigidaire. "The Internet, at least philosophically, should not be owned by anyone," he said, calling it "part of the neural universe of life." <http://www.nytimes.com/2002/12/29/weekinreview/29SCHW.html> (Free registration required)

Critics Fear Broadcast Flag Would Stomp On Consumer Rights - If Hollywood gets its way, future broadcasts of digital television will not only have crisp video and sound but also invisible data to block unauthorized sharing. The "broadcast flag" is promoted by content owners as the least intrusive way to keep consumers from illegally redistributing copyright works. Digital TV technology, they say, can finally take off once popular movies and shows can be safely broadcast without fear of Internet piracy. But critics argue the flag is the latest attempt to wrest control from consumers, stifle innovation, create inconvenience, turn tinkerers into criminals and raise prices - all for a technology that won't stop piracy anyway. <http://www.washingtonpost.com/wp-dyn/articles/A42953-2002Dec27.html>

The Net Marks Its Birthday, Again - According to one Net pioneer, the Internet celebrated its "most logical" 20th birthday on New Year's Day--barely three months after its 33rd birthday. A posting this week from Bob Braden on an influential mailing list states that the most logical origin of the Internet is Jan. 1, 1983, "when the ARPAnet officially switched from the NCP protocol to TCP/IP." Braden, who posted the claim on a mailing list of the [Internet Engineering Task Force](http://www.internetteering.com), was a member of the research group that worked on the TCP protocol. <http://msnbc-cnet.com.com/2100-1023-978918.html>

Forget Tin Cans, These Gizmos Improve Wi-Fi Trouble Spots - The hottest technology in personal computing is wireless networking, which allows users to share a high-speed Internet connection among multiple computers without being tethered to wires or wall jacks. Known as Wi-Fi, this wireless system is commonly used to connect computers in various rooms of a home, but it's also popping up in public places like airports, hotel lobbies and coffee shops. But there's a problem with Wi-Fi: In most homes, the wireless Internet signal doesn't extend to rooms far from the base station, or access point, which transmits the Internet signal. Even if the signal gets to a distant room, it can be weak or fade in and out, making for a slow and unreliable connection. <http://online.wsj.com/article/0,,SB104145772776767753,00.html> (Paid subscription required)

Survey: Trust Grows In Online Transactions - U.S. web surfers who shop and transact other business online trust the Internet more than a year ago, the Conference Board on said Thursday. U.S. web surfers who shop and transact other business online trust the Internet more than a year ago. http://news.yahoo.com/news?tmpl=story2&cid=581&ncid=581&e=6&u=/nm/20030102/tc_nm/tech_internet_trust_dc

Consumers' Rights Given Little Respect - Suppose all the companies that manufactured cars informed customers, in the fine print of the purchase contract, that they could only have the car serviced and repaired at a company-owned dealership. Suppose, further, that the automakers enforced this rule by installing electronic hood-locks that could be opened only by dealers with authorized hardware and software keys -- and then sued out of existence anyone selling an unauthorized key. You'd call your member of Congress to complain. And Congress would pass a law prohibiting such a blatantly anti-competitive, anti-customer practice. Yet something akin to this practice is already in existence, and growing. In the world of electronic devices, digital entertainment and software, customers are routinely subjected to restrictions that forbid modification of products they've already purchased. http://www.siliconvalley.com/mld/siliconvalley/business/columnists/dan_gillmor/4794800.htm

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