



Government Affairs e-Update



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This Week@Cisco in Government Affairs

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This Week@WASHINGTON, DC

The Other Powell Has A Big Year Too – FCC Chairman Michael Powell's four big decisions may make or break America's communications industries – In France, government officials are elite *énarques*; in Japan, bureaucrat-gods. The best that America's downtrodden, beaten-up bureaucrats can wish for is probably quiet obscurity. That, broadly, used to be the state of affairs at the Federal Communications Commission (FCC), a government regulator whose extraordinary reach spans telecoms, cable TV, the media and, increasingly, big chunks of the rest of the tech industry. Then came 2000, the telecoms crash and sudden, hostile attention. Congress, which had written the 1996 act upon which the FCC's rule-making is based, ordered the regulator to fix the mess. So important was this task, wailed the pundits, that America's economic future was now, in effect, in the hands of incompetent bureaucrats.
http://www.economist.com/people/displayStory.cfm?story_id=1546922

FCC Chief's Plan Would Ease Line-Sharing Rules - The nation's big regional telephone companies would be able to provide ultra-fast Internet and video services over new fiber-optic lines without having to lease those lines to competitors, under a draft plan circulated by the chairman of the Federal Communications Commission. Sources familiar with the proposals by Michael K. Powell said that in "new-build" areas, where copper phone lines aren't in place and where the phone companies run fiber cables directly to homes or businesses, requirements to share those lines would be eliminated. If approved by the five-member commission, the change would be a victory for the regional telephone companies. Fiber-optic cable can provide Internet access as much as 100 times as fast as current broadband service over copper telephone wires, and also would allow phone companies to provide television programming to compete with the digital offerings of cable companies.
<http://www.washingtonpost.com/wp-dyn/articles/A40257-2003Jan24.html>

FCC Is Urged To Rethink Local Phone, Data Access - State regulators, consumer groups and others are pressing the Federal Communications Commission to back off a major overhaul of rules requiring local telephone companies to open their phone and data lines to competitors. FCC members spent the weekend studying a 400-page document calling for sweeping changes in the complex regulations that allow AT&T Corp. and other companies access to the Baby Bells' local phone service and high-speed data networks at heavily discounted rates. A vote on the changes is expected next month. If approved, they would mark the biggest shift in telecommunications rules since 1996, when Congress passed the Telecommunications Act hoping to spur competition by allowing Baby Bells and long-distance companies to enter each other's markets. <http://online.wsj.com/article/0,,SB1043458887209467064,00.html> (Paid subscription required)

Bush Eyes \$196m Loans For Rural Internet - President Bush's 2004 budget will include \$196 million in potential loans for telecommunication providers to build infrastructure in rural areas. Agriculture Secretary Ann Veneman added that her agency will administer this program, slating a total of \$1.4 billion in loan money thanks to legislation attached to the 2002 farm bill. Bush also plans to apportion \$177 million for the USDA's County Services Centers. The money would enhance existing technology and allow farmers to find out detailed information about their land via satellite mapping.
http://story.news.yahoo.com/news?tmpl=story2&cid=562&ncid=738&e=6&u=a/20030129/ap_on_hi_te/rural_loans

Supreme Court Rules FCC Took Licenses Away In Error - The Supreme Court ruled that the FCC erred in canceling wireless licenses won at auction by NextWave Telecom prior to the company filing for bankruptcy protection. FCC repossessed the licenses when NextWave was



unable to pay for them, and NextWave filed suit under the federal bankruptcy code. The victory is bittersweet for NextWave since the value of the licenses has dropped significantly. <http://www.nytimes.com/2003/01/28/technology/28BIZC.html> (Free registration required)

U.S. Building Internet Monitoring Center - The Bush administration is quietly assembling an Internet-wide monitoring center to detect and respond to attacks on vital information systems and key e-commerce sites. The center, which has been in development for the past 15 months, is a key piece of the White House's national cybersecurity strategy and represents a major leap in the federal government's effort to achieve real-time tracking of the Internet's health. <http://www.washingtonpost.com/ac2/wp-dyn/A3409-2003Jan30>

E-Government Program Has New Horizons - A group of government and industry officials is trying to revive the Trail Boss program, which the General Services Administration discontinued in 1999. More than 1,000 U.S. and Canadian government information technology professionals took part in the old Trail Boss program, which provided a network of experts in policy, planning, procurement and implementation. The new effort, which the organizers are calling Trail Boss New Horizons, is needed as agencies strive to fulfill e-government initiatives, said Steve Kelman, former administrator of the Office of Procurement Policy and now professor of public management at Harvard University's Kennedy School. <http://www.fcw.com/fcw/articles/2003/0127/web-boss-01-28-03.asp>

This Week@EMEA

Speech: Mr Erkki Liikanen Member of the European Commission, responsible for Enterprise and the Information Society "ACCELERATING BROADBAND IN EUROPE" Broadband Day Brussels - http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=SPEECH/03/30/0|RAPID&lg=EN

Broadband Access Grows Across Western Europe - The number of Western European households with high-speed Internet connections more than doubled last year, according to figures due to be released Tuesday by an Anglo-U.S. market-research company, Strategy Analytics. The company found that one in 13 European households have high-speed, or broadband, connections. The report said 6.3 million customers signed up for a broadband service during 2002, bringing the number of broadband households in Western Europe to nearly 12 million. <http://online.wsj.com/article/0,,SB1043718961448422184,00.html> (Paid subscription required)

New Telecoms Regulatory Package Key To Broadband Success - At the 'Broadband Day' conference organised by the European Commission, the views of industry and national regulators were shared in a lively debate, says Pablo Asbo. <http://www.europemedia.net/showfeature.asp?ArticleID=14650>

EU - More Copyright Protection Needed Before Content Providers Trust Broadband - The public has to be convinced that digital content has to be protected against piracy like any physical goods, argued industry representatives at a recent conference. <http://www.europemedia.net/shownews.asp?ArticleID=14651>

Turkey - E-Government Takes Shape In Turkey - MERNIS, the new central census management system promises citizens an easier time dealing with bureaucracy. <http://www.europemedia.net/shownews.asp?ArticleID=14592>

United Kingdom - Popularity Of Broadband In UK Steadily Rising - The average broadband household spends around nine hours a week online, according to a new report from Ofel. <http://www.europemedia.net/shownews.asp?ArticleID=14642>

Europe: Brussels Plans Tough Penalties For Piracy - Producers and retailers of counterfeited goods will face jail sentences and high fines across the European Union, under plans to be unveiled this week by the European Commission. The proposed rules are part of a crackdown on piracy, which is estimated to cost governments some €14bn (£9.3bn) a year in lost tax revenues and reduce companies' profits by €2.5bn. The plans, which are set to be backed by the 20 commissioners, aim to close loopholes and reduce the wide differences in the national laws of the EU's 15 countries. "Counterfeiting and piracy are a phenomenon which is spreading by playing on the differences between the national laws," a draft of the rules, seen by the FT, says. http://search.ft.com/search/article.html?id=030128000514&query=Piracy&vsc_appId=totalSearch&state=Form (Paid subscription required)

Commission Launches Investigation Into Possible State Aid For France Télécom - The Commission decided today to launch a formal investigation into the granting to France Télécom (FT), via a public institution, of a shareholder's advance in the form of a maximum credit line of €9 billion to cover its debts. In view of the fact that the state support is provided through a complex financial transaction, the Commission will examine in detail the way in which the shareholder's advance is granted. http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=IP/03/150/0|RAPID&lg=EN



I.T. Should Be Taught In African High Schools - One of the hurdles to bringing new blood into the industry, from a black empowerment perspective, is that the school curriculum in previously disadvantaged areas has not, and mostly still does not, include IT content, says Pfungwa Serima, CEO of Accenture Technology Solutions. In addition, most of these young people typically lack the right contacts to obtain IT career guidance and have grown up with aspirations that are limited to the professions of doctor, teacher, nurse or pilot. "Even today, most of these kids would not think about IT as a career." <http://allafrica.com/stories/200301300255.html>

This Week@Asia/Pac

India Cabinet Reshuffle May Act As A Booster For Telecom Privatisation Process - With Arun Shourie retaining the disinvestment ministry and getting the portfolio of communications & information technology, reshuffle in the Union Cabinet is likely to boost the privatisation process. That outgoing communications minister Pramod Mahajan was opposed to the sale of major telecom companies only underlines the fact that the privatisation is expected to receive a boost. http://www.financialexpress.com/fe_full_story.php?content_id=27020

U.S. TIGHTENS NET COPYRIGHT - United States trade negotiators are pushing for Australia to sign up to a tough new copyright regime that could hold internet service providers liable for breaches. The first round of talks in an Australia-US Free Trade Agreement will commence in Australia in March, and the internet industry is flagging that ISP liability for copyright material is "on the table" as far as the US side is concerned. US Trade Representative Robert Zoellick has raised the issue in a letter to Congress ahead of the talks. A free trade agreement would probably involve the two nations "harmonising" key legislation on commerce. This could include bringing the Australian Copyright Act into line with US law. http://www.news.com.au/common/story_page/0,4057,5896759%255E15306,00.html

This Week@US States

States' Role Still A Question In Telecom Reform - U.S. regulators considering a sweeping reform of telephone competition rules could be stymied by state efforts to preserve a role overseeing their local markets, several sources close to the negotiations said. Under court order, the Federal Communications Commission is considering whether to scale back rules that require local-phone giants to lease their equipment to rivals at discounted rates. But commissioners are closely divided over whether state regulators should be allowed a strong oversight role, a question that could determine the ultimate impact of any FCC decision. Independent telephone companies say they need to use the networks of incumbent "Baby Bells" like Qwest Communications International Inc. to reach customers, while the Bells say they are losing money on the arrangement. http://news.yahoo.com/news?tmpl=story2&cid=581&ncid=581&e=7&u=/nm/20030127/tc_nm/telecoms_reform_dc

California Governor May Back Internet Tax - After years of adamantly rejecting an Internet tax plan that he said would slow the growth of the dot-com economy, Gov. Gray Davis is now willing to consider a proposal that would force many online companies in California to charge state sales tax. In a significant shift, a Davis spokeswoman said the governor is willing to consider an Internet sales tax -- the first of its kind in the nation -- to help fill what he estimates is a \$34.6 billion budget shortfall over 18 months. <http://www.siliconvalley.com/mld/siliconvalley/5064128.htm>

Mass: Tax Due On Some Out-Of-State Purchases - If you think you're paying too many taxes now, did you know this? Gov. Mitt Romney is hoping you'll volunteer to pay more. NewsCenter 5's Janet Wu said that for the first time, this year's income tax form will have a new line item -- asking you to estimate and pay the sales tax on items you've purchased from out of state. Massachusetts Revenue Commissioner Alan LeBovidge said that when you open your income tax form this year, look for line 33. You're invited to pay all the sales tax you've avoided by going over the border. "Under the law, it makes no difference if you buy something by calling on the phone, if you get a catalog from a company or you order it over the Internet. You bought a product. If that product is subject to tax, there is a use tax due if it is used in Massachusetts," LeBovidge said. http://story.news.yahoo.com/news?tmpl=story2&cid=383&ncid=383&e=20&u=/ibsys/20030124/lo_WCVB/1467198

New Phone Twist: Switch Local Service, Lose DSL - Marilyn Hildebrandt of Modesto, Calif., was a customer of big local phone company SBC Communications Inc. for both local service and a high-speed Internet connection known as DSL. But she got an ugly surprise when she switched her local voice-calling service to WorldCom Inc.'s MCI to take advantage of a lower rate: SBC turned off her Internet line. She couldn't get it back until she agreed to return to SBC for all local service. SBC says that for technical reasons, it can't provide DSL service to customers who change their local voice-calling service from the carrier. And MCI doesn't offer DSL in most areas. "Nobody told me," says Ms. Hildebrandt. <http://online.wsj.com/article/0,,SB1043886801722534064,00.html> (Paid subscription required)



Other Tech Stories Of The Week

Beyond Wi-Fi: The Road Ahead For License-Exempt Wireless ISPs - In-Stat/MDR has released a new report in which the firm's researchers say that license-exempt wireless ISPs (WISPs) are quickly becoming a bigger and bigger factor in the overall broadband picture. In "Unlicensed Spectrum Drives Wireless Broadband Infrastructure Beyond Wi-Fi," the Arizona-based high tech research firm estimates that between 1,500 - 1,800 license-exempt wireless ISPs (WISPs) are currently operating in the USA. In addition, researchers estimate that the license-exempt WISP infrastructure generated \$265.2 million in worldwide revenues during 2002. With U.S. Senators Boxer and Allen jointly introducing a bill that calls for increased spectrum allocations for license-exempt fixed wireless broadband (FWB) systems, WISP market revenues appear to be on track to experience continued growth over the next couple years as operators build out their networks, claims In-Stat/MDR. <http://www.e-insite.net/index.asp?layout=article&articleid=CA271955&title=Article&spacedesc=news&verticalId=656>

Failure Of DirecTV Broadband Narrows Consumer Choice - DirecTV's high-speed Internet offering is about to become the most recent in a line of failed alternative broadband providers. The company plans to complete disconnection of all its users by February 28, leaving roughly one percent of the broadband market in search of a new provider. Customers are saddened by the demise of the service, which was reputed to be more reliable than telephone or cable companies and came in below the average cost. http://www.usatoday.com/tech/news/2003-01-30-net-service_x.htm

As Specialists Grow Scarcer, Families Turn To Telemedicine - When her daughter Kolbie was still refusing solid food at the age of four, Jeannette Davis tried in vain to find a pediatric specialist near her home in Oklahoma City. "No one here knew what to do," says Mrs. Davis. Amid all the alarming statistics about shortages in health-care workers, one of the real worries for parents is the declining numbers of pediatric subspecialists -- the doctors who focus on the medical problems of kids, from gastroenterologists to cardiologists and orthopedic surgeons. It is getting easier to search for hospital programs and pediatric subspecialists online. The Web site for the children's hospital association (www.childrenshospitals.net) offers a feature that allows the public to search for hospitals via subspecialty. As telemedicine grows, even many rural hospitals are getting portable teleconferencing equipment including video cameras and Internet hookups. Doctors can not only view patients, but also look at their X-rays and other diagnostic tests. <http://online.wsj.com/article/0,,SB1043873402350962704,00.html> (Paid subscription required)

Commentary: "CLECS: Back From The Dead?" - Telecommunications companies are at the center of the continuing technology meltdown that began in 2000. Nowhere is the carnage worse than in the competitive local exchange carrier, or CLEC, sector. <http://news.com.com/2010-1071-982672.html>

The Net Is Cutting Into TV Time, Study Finds - Television executives have more to fear than a future filled with gross-out reality shows. The Internet is rapidly eroding television viewing hours and emerging as a powerful information medium in its own right, according to a study being released today by the University of California-Los Angeles. In the same way that television eclipsed radio as the primary medium for entertainment and information, the Internet poses a major threat to television. <http://www.siliconvalley.com/mld/siliconvalley/5071191.htm>

Is The Record Industry About To Bust Your Teen? - Forget Napster: In a Shift, Music Labels Now Target People Who Download Songs - The war over illegal Internet file-swapping has raged from Silicon Valley to Washington. Next stop: Your doorstep. Until last week, the estimated 63 million Americans who spend hours downloading a wide variety of recordings had little to worry about. For all the record industry's bluster about cracking down on music sharing, its focus has been on shutting down services such as Napster Inc., rather than going after individuals. But a ruling by a federal court raises the stakes for the growing crowd of teenagers, college students and even their parents who are going online to get free digital music. The ruling, by a U.S. district court in Washington, gives entertainment companies the right to get your name, address and phone number if they have evidence you are using the Net to get, or pass on, their copyrighted works. Verizon Communications Inc., the company on the losing end of the recent ruling, is appealing, which will affect the timing of the entertainment industry's next moves. <http://online.wsj.com/article/0,,SB1043695015737486504,00.html> (Paid subscription required)

Internet Firms Woo Hispanics - Hispanics are growing in numbers — and influence — online. Internet use among Hispanics has surged the past two years, according to poll results to be released Monday. Nearly half of 300 Hispanics polled say they logged online for the first time since 2000 — twice the national average. Hispanics also spend more time online — at home and at work, says the study by America Online and market researcher RoperASW. http://www.usatoday.com/tech/webguide/internetlife/2003-01-26-hispanics2_x.htm

Taming The Frontier - The Internet was going to be a place without rules, without borders. A place where anything goes. Well, guess what? - Don't look now, but the freewheeling days of the Internet are coming to an end. Since its infancy, the Net has been seen as a place independent of the rules that governed the offline world. Borders could be transcended, new identities created, and old notions of property didn't apply. This vision was summed up in a 1996 "Declaration of Independence of Cyberspace" by John Perry Barlow, a founder of the Electronic Freedom Foundation, who warned the old world's political powers: "Cyberspace does not lie within your borders ... Your legal concepts of property, expression, identity, movement and context do not apply to us." Versions of this idea still have currency among some libertarians and legal



scholars, but it's getting harder and harder to see the Internet as a refuge from the rules and regulations that hold sway offline. <http://online.wsj.com/article/0,,SB1043186241562337504,00.html> (Paid subscription required)

A Patron Saint For Hopeless Clickers - Vatican Turns to Cyberspace in Its Search for Protector of Users of the Internet - The Archangel Gabriel is one of Christianity's great communicators -- it was he who brought word to Mary that she would give birth to Jesus, the Bible says. So it was only natural that when a search began for a patron saint for the Internet, Gabriel's name arose. According to a poll being conducted by a Roman Catholic organization in northern Italy, he is now in sixth place behind a 20th century martyr, an educator and a publisher born in the 19th century, an 18th century evangelizer and a 13th century nun who saw visions projected on a wall. The web site, www.santiebeati.it, is soliciting votes with the aim of having an Internet patron saint named by Easter. "We had lots of requests for a patron, so we decided the Internet was the best tool for finding one," said Roberto Diani, an Internet adviser for Italy's Conference of Bishops. <http://www.washingtonpost.com/wp-dyn/articles/A58076-2003Jan28.html>

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