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This Week@Cisco in Government Affairs

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This Week@WASHINGTON, DC

Bell Firms Pledge To Fight New FCC Rules - Voice-Network Sharing To Be Fought in Court - The major regional phone companies yesterday promised a court fight to overturn rules governing competition for local telephone service that were approved last week by the Federal Communications Commission. Two of the four former Bell companies, SBC Communications Inc. and BellSouth Corp. also renewed promises made after the vote that they would not invest in new, high-speed Internet networks unless the local telephone rules are scuttled. The companies' posture angered several government and industry executives, who accused the phone companies of the political equivalent of holding their breath to get more candy after getting what they originally asked for. http://www.washingtonpost.com/wp-dyn/articles/A62234-2003Feb24.html

FCC Member Defends Stance On State Powers - Faced with harsh criticism from several key lawmakers at a House hearing, a Republican member of the Federal Communications Commission defended his decision to join the agency's two Democrats in a vote giving state officials broad powers to regulate local telephone competition. FCC Commissioner Kevin J. Martin said the decision would benefit consumers by preserving competition and would stand up to the inevitable court challenges brought by the telephone companies that bitterly oppose it. Sharing the witness table with FCC Chairman Michael K. Powell, a fellow Republican who took the other side on the issue, Martin noted that previous court decisions had criticized the FCC for failing to take into account differences between individual markets. State regulators are in the best position to analyze those local markets, he said. Powell has made it clear privately that he is bitter about Martin's effort to defeat his proposal on a key FCC decision. While explaining their differing views on the issue during yesterday's appearance, the men steered clear of airing their rivalry. http://www.washingtonpost.com/wp-dyn/articles/A8020-2003Feb26.html
http://online.wsj.com/article/0,,SB1046283412220401143,00.html (Paid subscription required)
http://www.nytimes.com/2003/02/27/business/27FCC.html (Free registration required)

Statements Of Chairman Michael K. Powell, Commissioners Kathleen Q. Abernathy, Kevin J. Martin, Michael J. Copps And Jonathan S. Adelstein. Before the Subcommittee on Telecommunications and the Internet, Committee on Energy and Commerce, U.S. House of Representatives.
POWELL: http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-231535A1.pdf;
ABERNATHY: http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-231535A2.pdf;
MARTIN: http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-231535A3.pdf;
ADELSTEIN: http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-231535A4.pdf;
COPPS: http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-231559A1.pdf;

FCC Chief Says Bells Will End Up Spending Again - Dominant U.S. local telephone companies such as BellSouth Corp. will likely invest further in high-speed networks despite a decision that they must continue to share their networks with rivals, Federal Communications Commission Chairman Michael Powell said. The FCC voted to keep rules that require the carriers to give rivals discounted access to their voice networks but lifted sharing requirements on fiber-optic networks in hopes of spurring further investment in high-speed networks and video-on-demand. http://story.news.yahoo.com/news?tmpl=story2&cid=581&ncid=581&e=11&u=/nm/20030226/tc_nm/telecoms_fcc_spending_dc

U.S. Will Focus Technology Aid On Developing Muslim States - Facing diplomatic woes at the United Nations and throughout the Muslim world, the Bush administration is preparing a technology aid program that is expected to focus initially on the Middle

East and Africa. The plan is part of a new public-private partnership with the broader goal of fostering technology-led economic growth in developing nations. The first beneficiary will be Senegal, a predominantly Muslim nation in West Africa. Ultimately, as many as 20 countries in the Persian Gulf region, Africa and Latin America could come under the program, U.S. officials said.
http://online.wsj.com/article/0,,SB1046299971457474943,00.html (Paid subscription required)

This Week@EMEA

Fiber To The Home Should Be Germany's Broadband Solution - Broadband availability in Germany is unlikely to happen in the near term, according to a recent survey of the broadband sector by Deutsche Bank Research. However, researchers often make the mistake of looking at existing, legacy system operators, such as CATV (cable) and telephone (DSL) operators, for broadband solutions. This is a wrong approach, based on outdated way of thinking. Fibre-to-the-home (FTTH), is the only solution for a future-proof, high-capacity, and superior-quality transmission system. http://www.europemedia.net/showfeature.asp?ArticleID=15121

Finland Tops Rankings In It Report - Global Information Technology Report 2002-2003 Now Available - The Report is the most comprehensive, cross-country assessment of the state of information technology, covering 82 economies around the world.
http://www.weforum.org/site/homepublic.nsf/Content/Global+Competitiveness+Programme%5CReports%5CGlobal+Information+Technology+Report+2002-2003+-+Readiness+for+the+Networked+World

Pay By Cell Phone To Get Easy In Europe - The future of commerce on the go — like paying for a cup of coffee with a few clicks on a cell phone, perhaps — is getting closer now that four of Europe's biggest wireless carriers have formed a clearinghouse to boost mobile payments. The operators — Spain's Telefonica Moviles SA, Germany's T-Mobile AG and Britain's Orange SA and Vodafone Group PLC — unveiled plans to offer secure payments between merchants, cell phone users and banks. Dubbed the Mobile Payment Services Association, the service will be launched in Europe, but with an eye toward markets in the United States and Asia next year.
http://story.news.yahoo.com/news?tmpl=story2&cid=528&ncid=528&e=5&u=/ap/20030227/ap_on_hi_te/cell_phone_commerce

Collectives In France Allowed To Be Telecom Operators In Areas Where Private Initiatives Are Lacking. - Extrait de l'intervention de Nicole fontaine, ministre déléguée à l'Industrie : http://www.assemblee-nat.fr/12/cra/2002-2003/148.asp#P38_377 (In French)

Commissioners Row Over High-Speed Internet Market - Terse correspondence between the competition commissioner and the telecoms commissioner over the state of the high-speed internet market has exposed differences in how regulation is to proceed in the sector.
http://www.europemedia.net/shownews.asp?ArticleID=15027

Will The New Eu Cyber-Security Agency Actually Deliver? - The European Commission initiatives eEurope 2002 and eEurope 2005 aim to extend the reach of the information society to the majority of Europeans by 2005, especially with broadband connections easily available to all. However, one of potential risks involved in being permanently online is that cyber attacks are more likely to happen.
http://www.europemedia.net/showfeature.asp?ArticleID=15110

Telecoms Dinosaurs Refuse To Go Extinct - Only a few years ago the world's former telecommunications monopolies were being written off as dinosaurs. At the height of the dotcom boom few thought these lumbering giants would survive the onslaught from more nimble challengers who took advantage of regulatory liberalisation to offer consumers cheaper and better deals. Today, the tables have been turned. As many of the promising newcomers struggle to survive, it is the former monopolists who have proved to be the survivors as in the US and across Europe the vast majority of consumers still turn to the incumbent operators for their telecom service.
http://news.ft.com/servlet/ContentServer?pagename=FT.com/StoryFT/FullStory&c=StoryFT&cid=1045511199420&p=1012571727085 (Paid subscription required)

'E-Belarus' Programme Adopted - The government hopes that implementation of the programme will result in growth of ICT exports of between five and ten per cent annually, and a reduction in the cost of internet access of 50 per cent.
http://www.europemedia.net/shownews.asp?ArticleID=15084

EU Official, Microsoft Lawyer Differ On Antitrust - A top European Commission competition official sparred with a lawyer for software giant Microsoft on the issue of how to keep markets open without dampening innovation. The Commission has accused Microsoft of competing unfairly, and the U.S. courts have found it holds and has abused a durable monopoly. The lawyer, who said he was giving his own views rather than those of his company, questioned an antitrust doctrine which makes companies share with rivals a facility deemed essential to a market. The lawyer said in the discussion at a small workshop at a conference of corporate counsels in Barcelona that the rivals should instead invent an alternative. http://story.news.yahoo.com/news?tmpl=story2&cid=581&ncid=581&e=6&u=/nm/20030227/tc_nm/tech_microsoft_eu_dc

Hungary Cuts Internet Connection Fees - The government has simultaneously offered a tax credit toward the purchase of a new computer. http://www.europemedia.net/shownews.asp?ArticleID=15090

Speech - Mr Erkki Liikanen Member of the European Commission, responsible for Enterprise and the Information Society "Hungary in an Enlarged Europe and the Information Society" Budapest University of Technology Budapest, 24 February 2003 - http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=SPEECH/03/99|0|RAPID&lg=EN

Spain To Liberalise Cable To Compete With Telcos - An important element is policies to promote availability of larger cable networks and their greater usage to increase uptake of multimedia and high speed date services. http://www.europemedia.net/shownews.asp?ArticleID=15111

Swisscom Denounces Local Loop Unbundling - As the Swiss Federal Council announces it will force Swisscom to unbundled the local loop, the incumbent telco says it is exploring its legal options. http://www.europemedia.net/shownews.asp?ArticleID=15042

This Week@Asia/Pac

China IT Services Industry To Grow 18 Pct – Gartner - China's budding information-technology services market could reach US$4.9 billion in 2003, up 18.9 percent from 2002, making it the world's second-fastest growing country for IT services, research firm Gartner Dataquest said. IT services revenue in China could reach $8.9 billion by 2006, Gartner said, but it added that the booming market remained relatively immature, which could pose challenges for vendors. The U.S.-based consultant said China still lagged behind matured IT services economies such as the United States, Britain, Japan and Australia. http://news.yahoo.com/news?tmpl=story2&cid=581&ncid=581&e=7&u=/nm/20030225/tc_nm/tech_china_gartner_dc

Microsoft Will Give China Access To Windows Code - Microsoft Corp. said it would allow the Chinese government limited access to the proprietary source code of its Windows operating system, a move that could go a long way toward dispelling lingering distrust of the company in China. The U.S. software producer said China has agreed to participate in the company's Government Security Program, a new system under which Microsoft grants participating governments controlled access to Windows source code and other technical information about the software. Russia and the United Kingdom also are participating in the no-fee program, which Microsoft says is designed to give national governments the information they need in order to have confidence in the security of its Windows software. http://online.wsj.com/article/0,,SB104642913367008823,00.html (Paid subscription required)

This Week@US States

FCC Ruling Could Deal Blow To Rural Broadband Service - Last week's big Federal Communications Commission ruling on local-phone regulations could deal a major blow to some small Internet service providers. The FCC decreed in a preliminary decision that the regional Bell phone companies such as Qwest would no longer be forced to share their lines with competitors starting three years from now. http://online.wsj.com/article/0,,SB1046136973705866423,00.html (Paid subscription required)

California Rethinks Net Taxes - With a state budget deficit that could hit $35 billion, California Gov. Gray Davis is rethinking his long-standing objection to imposing sales taxes on Internet commerce -- a reversal that could ignite similar steps around the nation. Lawmakers around the nation are increasingly eyeing online revenues to plug shortfalls that could collectively top $50 billion this year and $70 billion next year. http://www.wired.com/news/politics/0,1283,57836,00.html

Retailers' Online Tax Deal Faces New Challenges - An agreement designed to win retailers' support for taxing their online sales faces a new test, as several states are objecting to an amnesty provision that would forgive participating companies for taxes owed on some or all previous online sales. Illinois last week announced that it has joined a lawsuit against several large retailers seeking payment of past online sales tax obligations. New York is considering similar litigation. http://www.washingtonpost.com/wp-dyn/articles/A64257-2003Feb25.html

Governors Get Sympathy From Bush But No More Money - President Bush told governors today that he would not support proposals to provide new fiscal assistance to states struggling with what governors say is the worst financial problems since World War II. The governors heard the grim message in a visit to the White House on the third day of the annual winter meeting of the National Governors Association.

http://www.nytimes.com/2003/02/25/politics/25GOVS.html
(Free registration required)

Other Tech Stories Of The Week

Studios, Firms In Piracy Talks - Trying to plug another potential hole in the anti-piracy dike, Hollywood studios have started a new round of private meetings with high-tech companies and consumer-electronics manufacturers to explore ways to stop unauthorized recordings. This time, the issue is how to preserve anti-copying signals on a digital television show, online video or DVD when converted from digital to analog. That kind of conversion, which has to happen before a digital program can be sent to the vast majority of TV sets, is inherently fatal to digital copy-protection techniques. http://www.latimes.com/technology/la-fi-digital24feb24001441,1,4082697.story?coll=la%2Dheadlines%2Dtechnology

Broadband Group: Innovate, Or Suffer - A broadband industry trade group dedicated to promoting home networking technology has a message for businesses: Innovate, or become corporate roadkill. The Internet Home Alliance (IHA) this week released a report urging enterprise companies to adopt change, despite the uncertain economic times. The IHA, which includes representatives from IBM, Panasonic, SBC Communications and retailer Sears Roebuck, promotes new-fangled uses for high-speed Net access, such as household appliances that can be controlled online. In the IHA report, home networking leaders warn that companies could be stomped by competitors who innovate while they stand still. http://msnbc-cnet.com.com/2100-1035-985963.html

Cable Operators Pledge To Keep Net Open - Cable operators are seeking to reassure government regulators that they will not cut marketing deals that could hinder their Internet subscribers' ability to freely access whatever Net content they choose. In a letter sent Friday to the Federal Communications Commission, the National Cable and Telecommunications Association said that "cable operators have no intention of blocking access to content" and that no government regulations are necessary to guarantee this. The trade association's arguments come in response to a lobbying campaign launched in November by a group of technology companies including Amazon.com, Apple Computer, Microsoft, eBay and Yahoo. That coalition asked the FCC to publish regulations ensuring that Americans with high-speed Internet access would enjoy complete "access to Internet-based information, products and services." http://msnbc-cnet.com.com/2100-1033-985753.html

AOL Offering Music Catalog For Download - In the strongest attempt yet to create a legitimate alternative to free music-trading sites, America Online will introduce a service that lets users download and listen to a large catalog of songs. For $8.95 a month, users will be able to listen to a catalog of music, now at 250,000 songs and growing, on their computers. Moving songs to CD's or portable players will cost more. http://www.nytimes.com/2003/02/26/technology/26MUSI.html (Free registration required)

IT Budgets May Get Fatter - After months of keeping a tight grip on the purse strings, companies are ready to start spending on information technology again--but with a close eye on the bottom line, says a new survey. An IDC study released found 85 percent of companies plan to increase or maintain their IT spending this year, but such spending will remain under constant review. The global survey of nearly 1,000 chief executives and chief information officers offers a glimmer of hope for the struggling IT industry, and presents a more optimistic outlook than the 1 percent year-over-year decline forecasted last month by Goldman Sachs. http://zdnet.com.com/2100-1104-985922.html

Facts And Stats

Over 190 Million Net Users In Europe This Year - The number of internet users in Europe will jump by 20.5 million from 2002 to 2003, according to eMarketer's new *Europe Online: Access, Demographics & Usage* report, reaching 196.2 million by the end of the year. http://www.emarketer.com/news/article.php?1002083&c=newsltr&n=lead&t=ad

World - US Leads The World In Internet Usage, Report - However, Spain and Brazil are set to take off, according to a new report from Nielsen-NetRating. http://www.europemedia.net/shownews.asp?ArticleID=15065

Teleworking Takes Off In Ireland - According to the Central Statistics Office, there are now 40,000 teleworkers in Ireland. http://www.nua.com/surveys/index.cgi?f=VS&art_id=905358725&rel=true

Nearly 40 Percent Of US Workers Online - Over 50 million Americans are currently online at work, according to a new report from eMarketer and The Wall Street Journal. http://www.nua.com/surveys/index.cgi?f=VS&art_id=905358724&rel=true

ADSL Proving Popular In South America - The Yankee Group estimates that there will be 1.2 million ADSL subscribers in Latin America by year-end 2003. http://www.nua.com/surveys/index.cgi?f=VS&art_id=905358722&rel=true

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