

**REMARKS OF MICHAEL J. COPPS  
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Thank you Mr. Chairman, Excellencies, Delegates, Ladies and Gentlemen, for allowing me to address this important Plenary Session. And thank you, China, for hosting this gathering in this magnificent city. I am always happy to be back in China, having traveled here many times in other positions in government, but this is my first trip as a FCC Commissioner. I am particularly pleased to be back at APEC, another venue that I have often frequented over the past decade. APEC is a forum I like and admire. More than that, I think that we should all be proud of what APEC has done to promote dialogue and a myriad of successful work programs since its creation in 1989. While APEC has not achieved unity of thought on every question – and I hope we never do because it would become such a dull organization – I do sense that we have much more commonality of approach in our APEC dialogue than we had back in the beginning. We seem to be developing critical mass for an even more action-oriented program in the future. Don't be bashful about singing the praises of APEC.

Increasingly, we share common goals. We share the struggle to narrow the digital divide. We share the objective of bringing the best and most cost effective communications technologies to our consumers. We share the desire to encourage telecom investment. We want to protect consumers against fraud and other unscrupulous practices. And we want to find ways to stimulate innovation and growth through effective policies and through, very importantly, enhanced public sector – private sector cooperation. No way can we meet the challenges we face without public-private

dialogue and cooperation. I am always pleased to see active participation by businesses in our APEC dialogues. And I am particularly encouraged by the participation of small and medium-sized enterprises, because in the last analysis, they will be the locomotives that power APEC development in this new century, just as they have long powered my economy.

To reach these common goals, we need to discuss openly and honestly our successes and our shortcomings. Each of us has successes to share; each of us has some failures. And none of us is in a position to preach. No one among us has yet created the smooth and perfect road to competition or figured a painless way to transition from closed to open systems. No one of us yet has a satisfactory strategy for dealing with the challenges of technological and business convergence and how to regulate and deregulate in a converged world. No one of us yet has consumer protection down to a perfect science. So I think we should always go into our discussions – bilateral and multilateral – with a healthy sense of humility, with a sense of how far we still have to go, and with enough candor to cite our own shortcomings even as we advise one another on what we should or should not be doing.

I believe that we are at the cusp of the most challenging – and most rewarding – time ever for communications. I know that every analyst that you and I have read over the past year has been darkly pessimistic about the state of the telecom marketplace. But remember that these are the very same “experts” who were predicting, just a couple of years ago, that communications stocks would rise forevermore, and that business cycles had been consigned to the ash heap of history. I believe the analysts’ previous irrational exuberance was just as misplaced as today’s unwarranted pessimism. Investment in international communications is going to come back, and I believe sooner rather than

later. I also believe that the communications transformations of the new 21<sup>st</sup> Century are going to make all of the dramatic progress of the past century – and it was dramatic – pale by comparison.

But when investment returns, it won't be like it was. It will be of a much more discerning sort. There will be significantly more competition for the investment that becomes available. And that investment will flow to countries that have worked to lay the foundation for economic success in telecom.

This foundation has many parts, but we all seem to agree that one critically important part is the establishment of an independent regulator that acts in the public interest. This surely does not mean one size fits all, or that one regulatory model will work equally well everywhere. To say that is to ignore history, culture, and the facts of life.

But there do need to be some common elements within the different regulatory regimes that different economies implement. I think most of us here agree that for a regulatory system to be effective, it must be independent, transparent, and capable of providing regulatory certainty. This is what builds trust, gives investors the information they need to take risks, ensures fair competition, manages scarce resources efficiently, and promotes the public interest.

Let me very briefly highlight five key characteristics of an effective regulator: (1) independence; (2) clear authority and jurisdiction; (3) strong enforcement capabilities; (4) openness and transparency; and (5) excellent, independent staff. There are other elements that are important, but to me these are key, and I would offer just a brief thought

on each.

To be effective, a regulator must be independent from the companies it regulates and free from direct political pressure. This allows it to put the public interest first. Our statute requires this through the requirement that the FCC be independent from the Ministry. Additionally, a key part of independence is having adequate funding. Good data, adequate staff and effective mechanisms don't come cheaply. Regulators around the world handle this differently. Some self-fund through spectrum auction revenues; others charge low administrative fees to cover expenses; still others receive their money directly from their legislature rather than from their Ministry. But whatever the method, a regulator can be more independent if it does not depend on the Ministry for its budget.

The second attribute of an effective regulatory system is clear jurisdiction and authority. This means clear statutory authority and lines of division within government. And we all agree, I hope, that a regulator's responsibility should be set forth publicly and adhered to at all times. But I also think that for a regulator's authority to be accepted and be credible, its decisions should be appealable. For us, this means having the clearly set-forth right of judicial appeal. Parties that have the right to appeal adverse decisions to the courts, and know how to exercise this right, have the confidence to take risks and maximize investments.

The third attribute of an effective independent regulator is the ability to enforce its rules. Even if a regulator has excellent rules, if it does not have the legal, political, and practical ability to enforce these rules, those rules will not be respected. At my Commission, right now, we are deploying new tools of enforcement, such as Commission-initiated investigations and self-executing, automatic penalties. APEC is a

perfect place to share experiences with effective enforcement tools, so together we can determine what works best. I have been pleased in my conversations here this week with the level of commitment on the part of more and more regulators to strong enforcement.

Now the fourth attribute—openness and transparency. An effective regulator must make transparent decisions. We are all finding that where a regulator publishes all of its rules and decisions, opens them for comment from all stakeholders, and everyone knows the rules and the reasons for decisions, the regulator does its job better. So on one level, transparency means clear and openly arrived-at decisions and processes that people can understand and count on.

There is another dimension of openness that I would suggest for your consideration. A regulator should make access to decision-making easy. I look for as much input as I can find, wherever I can find it. This input allows me to tap the tremendous technical, business, and legal resources in the telecommunication world to make FCC decisions better. I can't imagine doing my job without the input of the companies we regulate. I listen always, taking what advice I find useful, and not taking advice that I think would not serve the public interest.

But in this new era, this is not enough. Business is a stakeholder – and an important one, at that – but in the 21<sup>st</sup> Century, everyone is a stakeholder in the great communications revolution of our time. Consumer groups, advocacy organizations, disability communities, diversity organizations and many others often have important interests in what our Commission does. They must live with the results as much as anyone must live with the results. So, our regulatory system has a solemn obligation to encourage and facilitate this kind of open participation. Our rules will be better to the

extent we are successful at this. But it requires constant attention, aggressive outreach, and user-friendly processes for those who wish to get their thoughts on record.

The last characteristic I'll highlight relates to staff – the regulatory “team” we each entrust to implement our rules. Attracting the high quality, independent staff we all need can be difficult. One positive trend that I note is that regulators around the world are beginning to work with universities in their countries to ensure that they produce high quality graduates with the skills needed for demanding regulatory jobs. This is a long overdue trend. Another hopeful sign is that more of us are thinking about ongoing, continuing training and development opportunities for the people we hire. Not cheap – but increasingly necessary. APEC itself is doing a commendable job in human resource-development, and I congratulate you for encouraging this process. “Human infrastructure” is just as critical to a telecom sector’s success as fiber optic cable or routers.

Getting all this, and more, done will not be easy. It’s much easier to talk about than to do. I live these challenges every day; I think you do, too. The key for APEC is working together and sharing experiences. It isn’t easy, even here this week, to find the time to think. At APEC we work hard, the schedule is filled, keeping up with events back home while we meet here is always necessary – but we need to take advantage of this venue, and the friendships that it encourages, to think anew and maybe even dream a little. For my part and my Commission’s, we want to learn from you as we work on this in parallel. We are intensifying our efforts to deepen our global dialogue. My door -- our doors -- at the FCC are always open to you, and I welcome any chance to go into more detail with you about our common challenges and strategies for overcoming them, as long as you will share your experiences with me. If we can energize such dialogues

here this week, I would consider this meeting another APEC success. One of many.

Thank you.