

Will net neutrality go wireless?

Olga Kharif

Google and the telecommunications industry are girding for the "mother of all battles" over the possibility of open-access rules on wireless networks.

After moving to a new building on the corner of 11th Street and New York Avenue, Google's Washington office got a face lift that made it as hip and colorful as the company's Silicon Valley headquarters. But Google's top Washington lobbyist, Richard Whitt, won't be spending much time amid the bouncy balls, LEGO bricks, and foosball tables this autumn. Come October, Whitt expects three times the usual number of meetings with members of Congress and Obama Administration officials. "Google and the others on our side will step up our advocacy," he says.

Why the flurry of activity? Whitt is gearing up for what's likely to be the biggest telecom regulatory fight in more than a decade: prying open the nation's \$200 billion wireless networks to a broader range of handsets and software-based tools, games, and entertainment. On one side are such tech companies as Google (GOOG), Amazon.com (AMZN), and Skype, which want to ensure that their services are as widely available as possible on the gamut of wireless devices.

Lining up against them are communications providers, including AT&T (T) and Verizon Wireless, which oppose regulations that might constrain how they set prices, run expensive networks, and help design devices. "Virtually everyone has a stake in this," says Darrell West, a vice-president at the Brookings Institution, a Washington think tank. "This will be the mother of all political battles."

Breaking the carrier-handset tieup?

Existing guidelines govern how telecoms provide high-speed Internet access; for instance, the Federal Communications Commission urges network operators not to impose discriminatory pricing on bandwidth use or favor some forms of traffic over others—say, by making it more expensive to download movies and music from the Internet than to view photos or call up a Web page. On Sept. 21, FCC Chairman Julius Genachowski proposed expanding the informal principles and making them formal regulations. Even more disturbing to the mobile-phone industry: Genachowski said the rules should be extended to wireless networks.

Depending on how they're crafted, the rules could upend a host of established industry practices. Requiring carriers to open networks to all devices, for example, may bar exclusive pairings between phones and networks, such as the deal that makes AT&T the sole U.S. carrier of Apple's iPhone. The FCC has "the willpower to break this market open," says Tim Wu, a professor who specializes in technology at Columbia Law School.

New rules could also give carriers and mobile-phone makers less say in which applications run on their networks and handsets, respectively. The FCC has probed controversy surrounding the Google Voice application, designed to manage phone calls and voice mail messages. After months of delay, Apple (AAPL) has yet to approve the tool for use on the iPhone, saying it too closely resembles features already available on the device. Google says Apple is unfairly blocking access and constraining competition. Apple says the app is still under review.

Telecoms are lobbying and spending

The prospect of added regulation sits badly with the wireless industry. Carriers fret that too many handsets and bandwidth-hogging applications would strain already burdened networks. Industry representatives also say wireless competition is intense as it is and players are

capable of policing themselves. "It's very risky to mess with what has been a very successful policy for consumers," says David Young, a vice-president at Verizon Communications (VZ), majority owner of Verizon Wireless.

Near DuPont Circle, not far from Google's digs, the wireless industry association, CTIA, is ramping up its lobbying efforts. In the coming months, CTIA—which counts the big telcos among its members—expects to have as many as 50 meetings with FCC commissioners and staff alone, says Chris Guttman-McCabe, CTIA vice-president of regulatory affairs. "We'll meet with anyone and everyone," he says. In the first half of 2009 CTIA spent \$3 million on lobbying, more than what it spent for a full 12 months just four years ago, according to OpenSecrets.org.

For its part, Google spent \$1.83 million on lobbying in the first half of this year after spending \$2.84 million in all of 2008. Neither Google nor the CTIA would discuss future spending plans.

Google is not alone in pushing for freer access to wireless networks. It's part of a group called the Open Internet Coalition that includes IAC/InterActive (IACI), EchoStar's (SATS) Sling Media, Data Foundry, and dozens of other companies. OIC plans its own campaign to drum up grassroots support for open-access rules, says Markham Erikson, lead counsel for the group.

The contest over wireless access, also referred to as wireless net neutrality, extends beyond the FCC. Earlier this year, Google's Whitt worked with Representatives Ed Markey (D-Mass.) and Anna Eshoo (D-Calif.) to draft a bill, introduced in July, that would support making the Internet open on all types of networks. In mid-September, the bill gained a powerful co-sponsor in Energy and Commerce Committee Chairman Henry Waxman (D-Calif.). Google has no official position on the bill in its current form. Senators Byron Dorgan (D-N.D.) and Olympia Snowe (R-Me.) are considering drafting a bill that would help the Web companies' cause as well.

Comcast took the FCC to court

Telecom providers have found sympathy in Congress, too. Senator Kay Bailey Hutchison (R-Tex.) is considering introducing an amendment that would deny the FCC funding for net-neutrality-related proceedings for a year. Senate staffers also say Hutchison may send a letter to the FCC arguing that if Web-access providers can't discriminate against certain apps and content, nor should companies such as Google—for instance, by filtering search results.

How much leeway the FCC has in extending net neutrality rules to wireless operations remains up in the air; cable giant Comcast (CMCSA) has a case pending before the District of Columbia Circuit Court arguing that the regulator overstepped its bounds even by applying the rules to wireline networks.

So how harmful might net neutrality be for the telecom industry? That, too, is subject to debate. An analyst at credit ratings company Fitch says that by encouraging more customers to sign up for more services, added regulation might be a good thing for wireless carriers.

But neither side is leaving the prospect of net neutrality regulation to chance.

KHARIF, Olga. Will net neutrality go wireless? **BusinessWeek**, New York, Sept. 29th 2009.
Disponível em: <www.businessweek.com>. Acesso em: 1 out. 2009.