

FCC Holds Public Forum on Secondary Spectrum Markets

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The FCC held a forum to address three specific issues related to the development of a secondary market in spectrum. First, can spectrum demand be satisfied in part through secondary markets? Second, what can the FCC and the wireless industry learn from other market models? Third, how can FCC policies facilitate the development of secondary markets? The forum was moderated by Dale Hatfield, Chief of the Office of Engineering and Technology and Robert Pepper, Chief of the Office of Plans and Policy at the FCC.

The opening remarks of Chairman Bill Kennard and Commissioners Susan Ness and Harold Furchtgott-Roth focused on mechanisms for more efficient allocation of spectrum, specifically market based allocation principles. They stated that the purpose of the forum was to determine how the market can help the government better manage spectrum.

The first panel, consisting of representatives from ITA, Spectrum Exchange, Nextel, and the Rural Telecommunications Group, focused on the economics of secondary markets. Specifically, in the context of the 700 MHz auction, a secondary market could be an efficient mechanism for clearing encumbered spectrum, thereby increasing the value of the spectrum and reducing uncertainty among participants.

The second panel, consisting of representatives from Williams Communication, UK Radiocommunications Agency, PanAmSat and Red Bat, considered other commodities markets as possible models for a spectrum market. The final panel included a Motorola representative and discussed specific FCC initiatives that would facilitate the development of secondary markets. Several panelists were critical of the Intermountain Microwave decision, which governs issues regarding control of licensees.