



International Chamber of Commerce

The world business organization

ICC intervention on WCIT

“ICANN and the Internet Governance Landscape” session,

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Good morning and thank you for the opportunity to speak today. My name is Eric Loeb. I am the Vice President, International External Affairs at AT&T, and I am also pleased to represent the International Chamber of Commerce, as Chair of the Task Force on Internet and Telecommunications, within the Commission on the Digital Economy. The ICC includes companies and business associations from across industry sectors and geographies around the world.

There is a lot of discussion about the WCIT. Although it is a bit unusual to see so much attention on a multilateral conference 6 months away, it is good that people are interested, because this is an important process, concerning an important part of our lives and our economy.

Amidst all the speculation and rhetoric on potential outcomes, it is important to step back to a higher degree of abstraction, and to consider some “first principles” about WCIT on which there is wide agreement:

- a. We want global cooperation and global prosperity, reducing the digital divide with developing countries in particular
- b. We want sustainable networks and investment incentives across the ecosystem
- c. We want cross-border flows of information and innovative ideas
- d. We want economic growth and job creation
- e. We recognize that the ITU is an extremely important organization to us all in several critical and enduring ways, such as spectrum policy, standards development, and as a convener of experts from developing and developed countries to share best practices on telecommunications policy.

For the vast majority of member countries at the ITU, there is broad agreement that the above themes are the core pragmatic goals at WCIT. There is also broad agreement that an ITU treaty should not impact the sovereignty of a member country. So, what is the debate?

There are differences of opinion on how to achieve the goals, and therein lies the vigorous exchange of proposals. On the spectrum of proposals, some views lean towards reliance on market mechanisms and on-going liberalization of competitive markets, and other views lean towards new regulatory intervention to guide market results.



AT&T and the ICC are of the view to maximize the market mechanisms that have a strong empirical track record or results, and to have private sector leadership within a multi-stakeholder process. We also believe that the ITR should remain a treaty that contains high-level policy and strategic themes, and not a treaty of detailed regulations and technical matters. In 1988 it was 8 pages long. In 1988, international telecommunications services in most countries were provided by monopoly, government-owned carriers, and services were predominantly voice. Since then, the global telecommunications industry has been transformed in most countries by privatization and market liberalization, huge increases in traffic volumes, the rapid expansion of new services and technologies, the spectacular growth of the Internet, and the emergence of non-traditional service providers. Although this transformation brings new challenges -- and we absolutely agree that further progress and improvements are essential to resolve these challenges -- the model of liberalization is delivering unprecedented benefits, compared to rates of progress in the past.

Thirty four years later in 2012, it is reasonable to argue that where there is more competition, it is appropriate to modernize the International Telecommunications Regulation by minimizing it. This is not a shocking concept -- to reduce regulation where competition is achieving consumer benefit. Given the rapid pace of technology and business model change in today's liberalized markets, it is even more important than in 1988 to have an instrument that sets out high level principles for international cooperation, rather than mandating or encouraging detailed new regulations, or addressing the technical issues of today. Detailed technology-specific points are likely to be inappropriate for an international treaty, and could be harmful in their distortion of competitive markets, or quickly out-dated in this highly dynamic industry.

On the issues of Internet policy, such as with international Internet connectivity or the allocation of Internet addresses, the ICC position is that these issues must remain outside the scope of the ITRs, and firmly within the multi-stakeholder environment that has built the highly successful global Internet of today. Inclusion in the ITRs would irrevocably shift the balance of the multi-stakeholder approach, and this would be a shift of great magnitude. We are all here at ICANN with a commitment to continually improve the process, substance and inclusiveness of multi-stakeholder institutions -- and it is imperative that we continue this work. As was stated with such eloquence in the opening ceremony, ICANN must be an oasis of achievement for the global Internet community.

Finally, with respect to any proposals that the ITRs should encourage regulation of international Internet connectivity -- including the terms of privately negotiated peering and transit arrangements -- we have substantial concerns. Our concerns start with a foundational philosophy that opposes the regulation of competitive markets, and the concerns continue with our anticipation of a range of unintended and distortive consequences of such regulation. To this date, market mechanisms have delivered substantial changes in the global flow of Internet traffic, resulting in more efficient network usage, improved network performance and investment growth. We all recognize that further evolution of these commercial models is necessary, yet there is a compelling record of progress to indicate that continuing on the path of pro-competitive and open



markets will achieve more efficient and balanced interconnection flows.

New regulations that force particular models for compensation or network routing paths could suppress traffic and information flows, alter investment incentives and create a range of arbitrage schemes that have nothing to do with efficient delivery of traffic, and everything to do with profiting from a rigid regulatory model. This can lead to harmful unintended consequences, with the most important being the potential reduction of information and connectivity to the countries that impose regulation.

In sum, we expect that the ITU will host a successful conference in Dubai that promotes cooperation, competition, and confidence to invest and innovate around the world. This can happen. One thing I have learned by chairing consensus building efforts, such as at the ICC, is that it is a very healthy and normal occurrence to have intense debates early in the process, because the discussion of different strongly held views is what allows you to find a balanced meeting point at the right level of abstraction, which will allow durable result. That is necessary for a treaty level document. We are now having such debates, and I trust that it will yield an appropriately high-level strategic document that can be constructive and acceptable to all countries.

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