



International Chamber of Commerce

The world business organization

MEDIA RELEASE

International Chamber of Commerce warns of harmful regulatory proposals for Internet backbone

Paris, 6 September 2011

The International Chamber of Commerce (ICC) today released a Discussion Paper highlighting how a commercially-driven framework has allowed Internet Backbone Interconnection Agreements to fuel the massive growth of the Internet across the globe.

The paper, written by the ICC Task Force on Internet and Telecoms Infrastructure and Services (ITIS), highlights data from various sources. This includes a 2011 Analysys Mason study that shows how commercial interconnection agreements negotiated in a market-based regulatory environment have resulted in more efficient global network usage, improved network performance, international expansion and investment growth.

One important example analyzed in the paper, is the evolution of Internet Exchange Points (IXPs) locations. From international Internet traffic originally being routed through IXPs located primarily in the US 15 years ago, the deployment of large numbers of IXPs quickly spread to OECD countries. Today, IXPs are increasingly being established and expanded in emerging markets.

Despite the huge success of the private-sector driven commercial model for Internet Backbone Interconnection Agreements, there have been proposals to regulate these agreements. Proposals appear to be based on the assumption that regulation would promote further investment within particular countries. The ICC paper explains that this view ignores the pertinent facts and policy options. In turn, the paper demonstrates that the desired new investments are actually being enabled and stimulated by the existing commercially-driven framework. In particular, although current proposals to regulate Internet infrastructure agreements would aim to shift costs between countries, the commercial model already is adapting to, and even enabling, the more fundamental shift in the underlying traffic flows that result in those costs. That is, market-based incentives are fostering investment in local network capabilities that reduce the need for higher-cost international traffic.

Contrary to the cost shifting solution that would come from a regulatory mandate, the past 15 years' experience have demonstrated that infrastructure investment and overall Internet growth has been most substantial when traffic flows have shifted, due to a combination of commercially negotiated agreements and expansion of local IXPs. As well, the past 15 years have demonstrated that the structure of commercial agreements have proven to be flexible and adaptive, changing over time to suit new commercial and technical developments.

International Chamber of Commerce

38 Cours Albert 1er, 75008 Paris, France

Tel +33 (0)1 49 53 28 28 Fax +33 (0)1 49 53 29 42

E-mail icc@iccwbo.org Website www.iccwbo.org



International Chamber of Commerce

The world business organization

Eric Loeb, Chair of the ITIS, and Vice President, AT&T International External Affairs, said: “A key factor in the Internet’s unprecedented success is that commercially negotiated backbone interconnection arrangements among the diverse Internet participants across the globe have allowed the Internet to dynamically adapt to increases in global demand, and to respond to the shift towards more bandwidth-intensive applications, such as video and other forms of multimedia Internet traffic. The speed and complexity of commercial adaptation is a key asset to Internet growth that would be placed at significant risk by any form of static regulation.” He added: “With this paper, we want to promote a better understanding of Internet backbone interconnection arrangements and provide factual evidence demonstrating that the growth of the Internet is best served by maintaining the current commercially-driven approach to these agreements.”

For more information on Internet backbone proposals, please visit

http://iccwbo.org/uploadedFiles/ICC/policy/e-business/Statements/ITIS_IBIA.pdf

For more information, please contact:

Ayesha Hassan

Senior Policy Manager

E-Business, IT and Telecommunications

Tel: +33 (0)1 49 53 30 13

E-mail: ayasha.hassan@iccwbo.org

About the International Chamber of Commerce (ICC)

The International Chamber of Commerce is the largest, most representative business organization in the world. Its hundreds of thousands of member companies in over 120 countries have interests spanning every sector of private enterprise.

A world network of national committees keeps the ICC International Secretariat in Paris informed about national and regional business priorities. More than 2,000 experts drawn from ICC’s member companies feed their knowledge and experience into crafting the ICC stance on specific business issues.

The United Nations, the World Trade Organization, the G20 and many other intergovernmental bodies, both international and regional, are kept in touch with the views of international business through ICC.

For more information please visit: www.iccwbo.org