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| INTERNATIONAL TELECOMMUNICATION UNION |  |
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CONTRIBUTION BY THE UNITED STATES OF AMERICA

Comments on Document CWG-FHR 7/4

Improving the stability and predictability of the financial base of the Union

**Introduction**

As the ITU recognizes in this document, in its 2016 report on ITU, the Joint Inspection Unit (JIU) recommended (Recommendation 5) that “the Secretary-General should develop a comprehensive plan to improve the stability and the predictability of the financial base of the Union, integrating options for increasing revenues and cost-saving proposals, and present it to the Council for endorsement at its 2017 session.” Likewise, PP14 (Res. 158 (Rev. Busan, 2014)) requested the Secretary-General to study and recommend to the Council, through the CWG-FHR, options for generating revenues. ITU management set up an internal group chaired by the Deputy Secretary-General and tasked it to study this topic and make proposals. Annex 1 to Document 7/4 contains principles for a corporate resource mobilization strategy and Annex 2 contains proposed areas for revenue generation.

**Discussion**

The United States is heartened by the steps taken by the ITU, as reflected in this document, to identify ways to improve the financial stability of the Union. The proposals in the document are, for the most part, worthy of further consideration to develop more concrete implementation plans. We do note, however, that the first proposal in Annex 2 is the suggestion that a market analysis be completed on possibly charging market-based rates for the assignment by the ITU of certain international numbering resources (INRs) as well as potential annual maintenance fees for such numbers.

The United States has repeatedly explained why this proposal should not be pursued. First, there simply are not that many numbers to which such fees might be applied, if they even could be, to make the effort fiscally responsible. This was clear from the very first report of the experts group, which found that: “It does not appear practical therefore to obtain significant additional revenue by levying charges on direct assignments [of INRs] made by TSB.” Second, as the United States has explained, its regulations regarding the assignment of numbers for telecommunications are clear that any such fees must be cost-based, not market-based. Thus, service providers in the United States would likely be prohibited from paying market-based fees for the assignment of these ITU numbers.

**Proposal**

The United States applauds the efforts of the ITU to identify ways to stabilize the financial base of the Union and to identify new sources of potential revenue. We encourage these efforts and look forward to seeing specific plans for the implementation of many of the proposals contained in Document 7/4. We continue to believe, however, that new or increased fees on the assignment of certain international numbering resources by the ITU is not a viable source of additional revenue.

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