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| African Telecommunication Union Administrations | | | |
| DRAFT NEW RESOLUTION [afcp-3] - OVER THE TOP (ott) OPERATORS AND SERVICES | | | |
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| **Abstract:** | This draft new resolution on OTT submitted by the African Member States is intended to tackle the impact of OTTs on the developing countries, encourage the development of recommendations and guidelines to deal with and resolve the impacts appropriately, and encourage Member States to participate in the studies and in the implementation of these recommendations and guidelines. |

# 1 Introduction

Over the Top (OTT) operators, who engage in telecommunication activities at national and global level, have seen their activities grow considerably in recent years. Nevertheless, even though “free” OTT offers may be attractive to consumers, they have a direct and far from negligible impact on the revenues of telephone operators in developing countries, and on national tax revenues.

OTT operators offer VoIP services and messaging services in direct competition with the traditional voice and SMS services offered by national telecommunication operators, but without being subject to the same regulatory constraints.

Moreover, OTT operators do not contribute to the investments made to develop telecommunication infrastructures in developing countries; on the contrary, they create a traffic load on the networks of national operators without providing any financial compensation.

OTTs may constitute the dominant segment of the telecommunication sector in the future, but until such time as the telecommunication sector’s regulatory framework incorporates the changes brought about by the new paradigm deriving from the current and future evolution of the telecommunication market, due account must be taken of the fact that these OTT services and applications must in no way hamper developing countries’ efforts to construct, develop and maintain their national networks.

# 2 Proposal

At the request of the African Member States, this new resolution proposes to study the impact of OTTs, including the economic and tax-related impact, especially in the developing countries, develop appropriate recommendations and guidelines concerning the economic, financial and regulatory issues involved and invite the Member States and Sector Members (operating agencies) to participate in, engage in and promote the application of the said recommendations and guidelines.

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DRAFT NEW RESOLUTION [AFCP-3]

Over the Top (OTT) operators and services

(Hammamet, 2016)

The World Telecommunication Standardization Assembly (Hammamet, 2016),

recalling

*a)* that the strategic plan for the Union for 2016-2019, adopted in Resolution 71 (Rev. Busan, 2014) of the Plenipotentiary Conference, assigns ITU the mission to promote, facilitate and foster affordable and universal access to telecommunication/information and communication technology networks, services and applications and their use for social, economic and environmentally sustainable growth and development;

*b)* Resolution 64 (Rev. Busan, 2014) of the Plenipotentiary Conference entitled “Non-discriminatory access to modern telecommunication/information and communication technology facilities, services and applications, including applied research and transfer of technology, and e‑meetings, on mutually agreed terms”;

*c)* Resolution 196 (Rev. Busan, 2014) of the Plenipotentiary Conference entitled “Protecting telecommunication service users/consumers”,

recognizing

*a)* that the level of telecommunication network deployment in the developing countries is such that significant investments are still required;

*b)* that a major proportion of the revenues of operators in developing countries goes towards funding universal service obligations;

*c)* that the harmonious and balanced development of the worldwide telecommunication facilities and services is of mutual advantage to the developing as well as the developed countries;

*d)* that there is a need to reduce the cost of rolling out networks and facilities taking into account the needs and requirements of developing countries;

*e)* that a number of the resolutions of this assembly deal with Internet-related issues;

*f)* that discrimination in accessing the Internet could greatly affect the developing countries;

*g)* that the optimum deployment of networks contributes to enhancing capacity building in the developing countries, increasing their competitiveness, supporting innovation in the markets of developing countries and bridging the digital divide,

taking into account

that one of the purposes of ITU laid down in Article 1 of the ITU Constitution is “to maintain and extend international cooperation among all its Member States for the improvement and rational use of telecommunications of all kinds”,

considering

*a)* that the increasing activities of OTT operators will entail the restructuring of telecommunication sector activities at national level and their integration at global level;

*b)* that OTT operators do not invest in the development of the telecommunication infrastructures of developing countries, but create value over the top of the networks of telephone operators without paying them financial compensation;

*c)* that OTT operators offer VoIP and messaging services in direct competition with the basic voice and SMS services offered by telecommunication operators, without being subject to the same regulatory constraints;

*d)* that a major proportion of the revenues made by the OTT operators escapes any form of taxation at global level;

*e)* that the free offers of OTTs are not only attractive to consumers, but also have a direct impact on the turnovers of telephone operators in developing countries;

*f)* the considerable reduction in the incomes of telephone operators due to the activities of OTT operators and the impact thereof on the tax revenues of States and sector regulators;

*g)* the global growth of mobile and Internet subscribers;

*h)* the need to refocus the regulatory framework of the telecommunication sector on the new paradigm deriving from the current and future evolution of the telecommunication market,

resolves to instruct the Director of the Telecommunication Standardization Bureau (TSB), in collaboration with the Director of the Telecommunication Development Bureau (BDT)

1 to work in collaboration with academia and other organizations on matters relating to the activities of OTT operators;

2 to study the possibility of organizing a world conference on the standardization of OTT services and the economic impacts of such services on the developing countries, in collaboration with other interested parties;

3 to organize seminars and workshops for developing countries on the economic impact of OTTs and encourage studies on the current and future effects of OTT activities on the economies of those countries;

4 to promote the coordination of action in favour of regulation at regional and global level,

further resolves to instruct the Director of the Telecommunication Standardization Bureau

1 to develop mechanisms to support the effective participation by telecommunication operators from developing countries in standardization activities;

2 to raise the awareness of the developing countries regarding the benefits of participation and of becoming an ITU-T Sector Member and/or Associate;

3 to continue work on the issue of OTTs, with particular focus on taxation aspects;

4 to submit recommendations on the supervision of the activities of OTT operators and on models for revenue sharing between OTT operators and telecommunication operators;

5 to develop appropriate guidelines on the regulation of OTT services,

invites the Member States and Sector Members

1 to contribute to the ITU-T activities on the effects of OTTs taking into consideration their national concerns and experiences;

2 to create regional digital single markets with partnership agreements between States;

3 to incorporate in regulations conditions regarding the taxation of OTT services;

4 to participate in and to contribute to regional groups discussing the issue and to promote the participation of developing countries in those discussions;

5 to cooperate and participate actively in implementing this resolution and its associated actions.

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