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| **Title:** | | Proposed edits to draft ITU-T Recommendation D.OTT | | | |
| **Purpose:** | | Proposal | | | |
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| **Keywords:** | | Economic impact; OTTs | | | |
| **Abstract:** | | The United States proposes edits to draft ITU-T Recommendation D.OTT, in order to further improve and clarify the text. | | | |

**Proposal:** The United States submits edits to the new draft ITU-T Recommendation D.OTT, using as the baseline text the output of the Rapporteur Group Meeting (RGM) for Q9/3 (held in Geneva on December 4, 2017), in document [TD6/WP4](https://www.itu.int/md/T17-SG03-180409-TD-WP4-0006/en). The United States has participated actively in the development of this text, and provides additional changes to further improve the draft Recommendation. These changes include:

* A proposed title (“OTTs in the Competitive Market”);
* Clarification to the Scope and the Working Definition;
* Reinforcement of some of the key themes (*e.g.*, in clauses 6.3 and 7.3); and
* Editorial fixes.

The United States requests that this contribution be made available publicly without restriction.

**Annex 1**

**Draft Recommendation ITU-T D.OTT**

**OTTs in the Competitive Market**

1. **Introduction**

With the increase of global mobile and fixed broadband penetration, the growth of accesses with high-speed broadband connections, as well as the rapid adoption of connected devices, consumers have been provided with access to a wide variety of over-the-top (OTT), some of which may supplement traditional international telecommunication services provided by telecommunications operators, adding features that would not otherwise be delivered.

These OTTs are reshaping and expanding the entire communications ecosystem, whilst they have been strengthening ubiquitous connectivity and providing social and economic benefits to consumers worldwide and the global economy. At the same time, the economic impact on the traditional model of telecommunications industry and on telecom operators is being increasingly analysed.

Consideration of the economic impact of OTTs should be based upon recognition of the fundamental differences between traditional telecommunications operators and OTTs, including *inter* *alia*, level of regulatory exposure, barriers to entry, competitive environment, level of substitutability between OTTs and traditional telecom services and interconnection to public networks.

In particular, determination of competitive scenarios involving OTTs and traditional telecommunications services should consider the complexity of their interrelationship. In some cases, they may deliver similar functionalities, in other areas they may be supplementary, whereas in other aspects, OTT may exceed what traditional telecom services typically deliver. Moreover the advancement in the telecom network catalysed the OTT development, further extending consumer benefits In order to continue the momentum in development, competition, innovation and investment need to be encouraged to foster the growth of the entities in the ecosystem including network operators and providers of OTTs.

**Draft Recommendation ITU-T OTTs in the Competitive Market**

1. **Scope**

This Recommendation addresses the need for promoting competition, consumer protection, consumer benefits, dynamic innovation, sustainable investment and infrastructure development, accessibility and affordability in relation to the global growth of OTTs.

1. **References**

Economic impact on OTTs, technical report 2017

1. **Working Definitions(\*)**

For purposes of this Recommendation, we adopt the following working definition of Over-The-Top (OTT):

An over-the-top (OTT) is an application accessed and delivered over the public Internet that may be a direct technical and functional substitute for traditional international telecommunications services.

\*The definition of OTT is a matter of national sovereignty and may vary among Member States

1. **Abbreviations and Acronyms**

OTT Over the Top

1. **Creating an enabling environment to encourage competition, innovation and investment in the digital economy**
   1. In view of the evolving telecommunications environment, Member States are encouraged, in coordination with stakeholders, to promotecompetition, and encourage innovation and investment in the international telecommunications ecosystem.
   2. To promote competition, innovation and investment in a highly dynamic and fast-moving industry, Member States should assess the economic, policy and consumer welfare impacts of their regulatory frameworks and existing economic incentives with respect to the provisioning and use of OTTs.
   3. Member States are encouraged to consider and develop enabling policies and/or regulatory frameworks to foster competition, and as appropriate, voluntary cooperation, between network operators and providers of OTTs. Member States are also encouraged to examine the reduction of the regulatory burden upon traditional networks and telecommunication services, and reconsider the need for outdated regulatory structures to better enable traditional operators to provide OTTs and other offerings.
   4. An important element of policy and regulation is the identification and definition of relevant markets, and in this context, Member States should consider the fundamental differences between traditional international telecommunications services and OTTs, including the cross-border and global nature of OTTs, low barriers to entry for OTTs, and integration of the markets.
2. **Relationship between OTT and network operators**
   1. In the new communications ecosystem, connectivity, and services, while no longer tethered together, all remain critically interdependent. Given that network operators and OTT are part of the same ecosystem, Members States should consider the important inter-dependencies between them, which may include how consumer demand for OTT can lead to an increase in demand for data from telecommunication service providers as well as a decrease in demand for traditional international telecommunication services
   2. Member States should encourage mutual cooperation as far as practical between OTTs and network operators, with a view to fostering innovative, sustainable, viable business models and their positive roles in fostering socio-economic benefits.
   3. Member States should continue to stimulate entrepreneurship and innovation in the development of telecommunication infrastructures, especially the development of high capacity networks, considering the disruptive power and the social and economic impact of increasing access to broadband connections. In order to expand connectivity, for example, Member States should consider regulatory frameworks that permit telecommunications providers, OTT companies and other technology firms to pursue cooperative partnerships to invest in communications infrastructure, without subjecting the partnership and its partners to traditional telecommunications regulatory requirements.
3. **Fostering innovation and investment** 
   1. Member States should continue to foster entrepreneurship and innovation in OTT applications, including their creation, provision and use, which benefit users, and encourage sustainable infrastructure investments.
   2. In the spirit of service availability and affordability, Member States should foster enabling legal and regulatory environments, and develop policies that are transparent, stable, predictable and non-discriminatory; and that promote competition, foster technological and service innovation and encourage private sector investment incentives, in order to ensure the continuing growth and adoption of OTTs.
   3. Member States and Sector Members should participate and contribute to standardization efforts through global and regional standard development organizations in order to ensure open, interoperable, portable, secure and affordable services and applications for consumers, anywhere and anytime, where practicable
   4. More generally, Member States are encouraged to consider not only the opportunities and benefits that OTTs provide but also the challenges that arise from their exponential growth. Member States should foster access to and growth of these services through, *inter alia*, support for innovation, demand stimulation, industry collaboration and public-private partnerships.
4. **Consumer protection and international collaboration**
   1. Due to the ever-increasing volumes of data being exchanged globally over the internet as well as over international traditional telecommunication services, Member States and regulators should encourage all market participants to maintain the security of international telecommunications networks carrying such data and thus help protect consumers.
   2. Given the global nature of many OTT, collaboration across multiple Member States and Sector Members should be strongly encouraged.

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