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| ITU-APT Foundation of India |
| **18TH AUGUST 2017** |

**RESPONSE TO THE ITU COUNCIL WORKING GROUP ON INTERNATIONAL INTERNET-RELATED PUBLIC POLICY ISSUES (CWG-INTERNET) CONSULTATION PAPER ON “PUBLIC POLICY CONSIDERATIONS FOR OTTS”.**

ITU-APT Foundation of India (ITU-APT) is a non-profit, non-political registered society, is working for last 10 years in India with the prime objective of encouraging involvement of professionals, corporate, public/private sector industries, R&D organizations, academic institutions, and such other agencies engaged in development of Indian Telecom sector in the activities of the International Telecommunication Union (ITU) and the Asia Pacific Telecommunity (APT). The society has been registered with the registrar of the societies with its secretariat working at New Delhi. Globally, the counterpart organizations of ITU-APT are the ITU Associations in Japan and in the USA, where predominantly private industries engaged in Telecom sector are their members. ITU-APT is working to foster closer relationship with them.

ITU-APT Foundation of India (ITU-APT) is sector Member of the ITU Development Bureau (ITU-D) and ITU Telecommunication Standardization Bureau (ITU-T) which manifests its usefulness of the Indian Telecom industry The Foundation members are entitled to participate in the activities of ITU-D, ITU-T and ITU-R.

ITU-APT Foundation of India (ITU-APT) offers our comments in response to the ITU Council Working Group on International Internet-related Public Policy Issues (CWG-Internet) Consultation Paper on “Public Policy considerations for OTTs”. We appreciate the opportunity to participate in the consultation and commend CWG-Internet's commitment to maintaining an open Internet.

ITU-APT recognises that OTT services are drivers for Internet’s continued dynamic growth and also contribute greatly to the social and economic development of the countries and economies in which they are used. In that spirit, we provide the comments below in response to the following question posed by CWG-Internet.

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**Bharat Bhatia**

**President**

**Summary of key Recommendations on OTT are as follows:**

1. Create an environment in which communication providers in all parts of the Internet ecosystem continue to have the incentives to invest and innovate.
2. Recommend adoption of a principles-based framework based on industry best practices focused on consumer choice, competition, innovation and transparency
3. Recommend for introducing regulatory reforms in the form of review of existing licensing regime to reduce regulatory burdens.
4. Issues related to Internet Governance are most effectively addressed in multistakeholder forums, where policy is holistically and expertly informed by consultations among business, civil society, the technical community, and government.

Our Detailed responses are as below:

**Public Policy considerations for OTTs**

1. **What are the opportunities and implications associated with OTT?**
* OTTs contribute greatly to the social and economic development of the countries and economies in which they are used.
* OTTs contribute significantly to the Indian economy. In a recent report produced by ICRIER (2017), it was found that:
	+ *During the period 2015-16, OTTs contributed a minimum of USD 20.4 billion (Rs. 1357.6 billion) to India’s GDP.*
	+ *By 2020, OTTs could contribute a minimum of USD 270.9 billion (Rs.18275.9 billion) to India’s GDP.*
	+ *10% increase in India’s total Internet traffic, delivers on average a 3.3% increase in India’s GDP, and a 10% increase in India’s mobile Internet traffic, delivers on average a 1.3% increase in India’s GDP.*
* Due to the benefits accruing from use of OTT services, the Indian consumer’s appetite for data has been growing sharply. The volume of wireless broadband data consumed by Indians has risen sharply, from less than 200 million gigabytes (GB) a month in June 2016, to around 1.3 billion GB a month in March 2017. Data prices per GB have fallen from around $3.5 to $1.8 in the same period. With smartphone penetration set to double by 2022, the increase in data traffic per smartphone is expected to grow by more than double, from 4 GB per month in 2016 to 11 GB per month in 2022
* There are numerous use cases and examples that support the findings that OTTs contribute socio-economic benefits to a country. These cases typically show that:
	+ OTTs generate a significant component of the socioeconomic impact of digitization and utilization of the internet, growing GDP far in excess of basic telecoms services. This benefits stakeholders at all levels in the supply chain, from the telco providers who are able to invest into improved services and infrastructure, to end-users such as governments and businesses that use OTTs and the underlying network connectivity needed for these services, and ultimately end-user consumers.
	+ OTTs are able to generate new local value creation through for example, advertising of local merchant services, integration of payment and money transfer functions that enable remittances from overseas workers' back to their local communities, which in turn enables wealth distribution and additional wealth creation in these communities.
	+ OTTs are able to generate significant social benefits particularly in bridging communication gaps, and supporting users with disabilities - standard OTT functionality such as touchscreens or speech recognition tends to be of superior quality to many specialized applications, and is more readily accessible by users who do not have to seek out and pay for specialized applications or specialized devices (e.g., as they can use their mobile handset). OTTs also have important roles to play in aiding disaster relief e.g., assisting to connect loved ones separated during a disaster, providing life-saving information back to communities affected by a disaster etc.
	+ OTTs can help provide crucial health and education information e.g., providing important medical information, helping train health workers in remote locations, helping education projects and learning groups by establishing direct lines of communication between teachers and student groups to distribute learning materials and supplement traditional learning methods.
	+ OTTs help improve enterprise and government efficiency (e.g., through eGovernment initiatives. For example, OTTs offer governments better and more efficient ways in which to communicate with citizens through eGovernment initiatives which not only benefit central government in economic terms e.g., saving valuable time and resources that would otherwise have to be provided by staff/civil servants, but also offer social benefits to both government and citizens. Ensuring closer / more direct links between the citizen and delivery of government services leads to a more engaged citizenship, who are able to better participate in society.
* OTTs offer many different functionalities including: texting, sending pictures, sharing videos, group voice or video chat, voicemails, browser based use, location data, VoIP, stickers/GIFs, timeline/channels/profiles, sending data files, in-app gaming, encryption, money transfer, local commerce platform, mobile payment, translation, dedicated partners – the list goes on.
* Consumers and end-users are a critical stakeholder group, often overshadowed by a focus on traditional telco interests. Consumers see real value in the diversity and richness of the functionalities OTTs offer, which go beyond traditional voice calls and SMS text messaging. Increased consumer use of OTTs should be encouraged as a way to incentivise greater competition and investment by traditional telco providers and other players in the wider communications ecosystem.
* There is huge potential for further innovative applications and use cases to be developed. In order to do so however, it is critical that the right environment exists that promotes rather than stifles innovation.
1. **What are the policy and regulatory matters associated with OTT?**
* We believe that ITU’s primarily technical mission is in developing international telecommunication standards and allocating spectrum. ITU should not expand its work program to include Internet-related issues that are well beyond its remit, core competencies, and budgetary resources. Such issues are most effectively addressed in multistakeholder forums, where policy is holistically and expertly informed by consultations among business, civil society, the technical community, and government;
* The preferred approach should be to remove unnecessary regulation of all providers.

Consistent with these overall objectives, the general policy approach for OTT services should be to refrain from prescriptive regulation.

* The policy approach should embody high-level principles: in general policies should be:
	+ Pro-investment and pro-innovation.
	+ Future-proof and flexible.
	+ Fit for purpose (proportionate).
	+ Technology neutral and service agnosticity, and should foster comparable consumer protections across sectors, where appropriate.
	+ Regulatory neutrality
	+ Foster consumer protection
1. **How do the OTT players and other stakeholders offering app services contribute in aspects related to security, safety and privacy of the consumer?**

OTT community, through the appropriate multistakeholder forum, may develop a suitable framework which may address issues related to security, safety and privacy of the consumer appropriately.

1. **What approaches might be considered regarding OTT to help the creation of environment in which all stakeholders are able to prosper and thrive?**
* OTTs and traditional telcos have a symbiotic, mutually-reinforcing relationship. OTTs drive a huge demand for data usage over the traditional telco providers' infrastructure whilst the telco provider infrastructure enables end-users to access innovative online services and content. It is not a "*zero sum*" game. Both the traditional telco providers and OTT providers are able to benefit from and support the growth of the other's business model. And OTTs contribute to this rich ecosystem. Forward-looking operators and providers recognise that they benefit from OTTs and have embraced this symbiotic relationship.
* As providers look forward to 2020 a new area of growth in the telecoms sector will be in the capability provided by 5G. 5G innovation will require investment from traditional telco providers and the return on this investment will, in part, be driven by consumer demand for new innovative services.
* OTTs have a large role to play in being able to drive the needed growth, provided the regulatory environment does not become a barrier to entry and further relying on the symbiotic relationship between traditional telco providers and OTT providers.
1. **How can OTT players and operators best cooperate at local and international level? Are there model partnership agreements that could be developed?"**
* Any partnership agreements between OTT players and operators should be kept voluntary and should not be mandated by regulation.

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End of Response