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| **Council 2017Geneva, 15-25 May 2017** |  |
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| **Agenda item: ADM 19** | **Document C17/92-E** |
| **28 April 2017** |
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Note by the Secretary-General

CONTRIBUTION FROM THE UNITED STATES OF AMERICA

proposals to increase revenues from international numbering resources

I have the honour to transmit to the Member States of the Council a contribution submitted by **the United States of America**.

 Houlin ZHAO
 Secretary-General

Contribution from the United States of America

proposals to increase revenues from international numbering resources

**Introduction**

As the ITU recognizes in document C17/67-E and in a similar document (7/4) submitted to the February 2017 Council Working Group Financial and Human Resources (CWG-FHR), the Joint Inspection Unit (JIU) in its 2016 report on ITU 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 Council for endorsement at its 2017 session.” Likewise, PP14 (Resolution 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 C17/67-E contains principles for a resource mobilization strategy and Annex 2 contains proposed areas for revenue generation. In document C17/43-E, one proposal to increase revenues from INRs is considered.

**Discussion**

The United States is heartened by the steps taken by the ITU, as reflected in C17/67, 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.

As we have previously noted, the United States is of the view that this proposal should not be pursued. First, there are not that many numbers to which such fees might be applied (assuming assessment of such fees is determined to be feasible), to make the effort fiscally responsible. This was one of the conclusions of the 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. Finally, as confirmed again during discussions at the February CWG-FHR meeting (C17/50-E, sections 9.27 – 9.29), there is no consensus to proceed with this proposal.

The proposal in C17/67-E is to charge non-ITU members an annual fee for UIFNs and IINs. There is no explanation as to how the proposed amounts were determined or any analysis to justify the amounts selected. There is no information to support that the fees cost-based. C17/43 provides information about ITU costs to administer INRs, generally, and one sentence that estimates the costs for administering UIFNs and IINs, but there is no explanation, information, or analysis provided as to how that estimation was made or why it is accurate and reasonable.

**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 C17/67-E. 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 and there is no consensus that any such proposal, including the one in C17/43-E should be further considered. As has been suggested in the past, those countries who do support using INR assignments to generate revenue may consider a voluntary trial if they are of the view that this might demonstrate some value for the ITU.