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| **Expert Group on International Telecommunication Regulations**  **Second meeting – Geneva, 13-15 September 2017** |  |
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|  | **Document EG-ITRs-2/17-E** |
| **4 September 2017** |
| **Original: English** |

**Contribution from NTT Communications Corporation**

Review of the International Telecommunication Regulations

As a sector member of ITU-T and ITU-R, NTT Communications has been commercially providing International Direct Dialing services since 1999 to more than 230 countries / Regions and has terminated 1.5 billion minutes / year into more than 1,000 operators.

**Relevance of ITR**

In the past where Telecom Operators were government-owned and monopolized, the ITR had an essential meaning of how nations treated telecommunication business.

However in today’s privatized and competing environment, where there are numerous selection of carriers to connect into every part of the world, NTT communications believes ITR is obsolete and has no practical meaning, apart from setting a general code of conduct amongst countries and carriers which ratifies the ITR.

**Current Business practice of NTT Communications**

As for NTT Communications, apart from rare cases of International Toll Free Services (ITFS) and satellite traffic, which are based on a traditional “Transit Agreement”, NTT Communications has been utilizing “Virtual Transit Agreements”, where unlike a proper transit agreement which involves originating carrier, transit carrier and terminating carrier, the agreement is signed only between the Originating carrier and the Transit carrier, without any involvement of the carrier within the destination country.

Due to this arrangement, it is possible for NTT Communications to minimize the necessary number of connections and contracts between the selected carriers.

Since the connected carriers are selected to a handful, the commercial arrangements are stipulated in each individual agreement, making each agreement flexible and tailored to the carriers’ needs.

NTT Communications has been continuing this arrangement for more than 10 years, and has proven that the ITR has no relevance to the current practice. In addition, NTT Communications has not faced any problems caused by 2 sets of the ITRs or not using the ITRs.

**Impact on detailed regulation being added to ITR**

NTT Communications fears that if there are cases where the ITR is amended in a way where regulation is tightened, there will be a severe impact on the freedom of business between the connecting carriers.

For example, the carriers will need to terminate, as in cancel, the current agreement and re-establish an agreement based on the renewed ITR.

Since the freedom and fine-tuning of the agreement between the carriers were the basis of providing a high quality but affordable service, the re-establishment of an agreement, especially when it is based on an ITR with added restrictions will become a drawback to the quality and pricing of services provided.

In such cases, the business relations between the carriers will deteriorate and discourage business among carriers resulting in a less favourable environment for telecommunications.

In addition to above carriers will be required to modify their systems to accommodate such changes enforced by a new ITR, resulting in an increase of CAPEX and OPEX, which will also add a negative impact among the business.

It is foreseeable that these expenses will be applied to the rates which are offered to the end users, such as consumers and corporate users within each country, which is against the current trend of the rates decreasing. Such increase in rates will accelerate the end users to use other means of communications.

Once the user base decreases beyond a certain level, the infrastructure to provide voice termination will no longer be sustainable, which will most likely trigger a collapse within the country’s telecommunication industry.

Since it is a common practice to use a Virtual Transit Route to connect to destinations around the globe, as do NTT Communications, a collapse of one of the Virtual Transit Route providers will gradually trigger a chain reaction among the nations depending on these carriers and has a potential to ground the global telecom network to a halt.

**The Principles of an ITR**

The ITR should not state details of operation and must leave these matters to each operator. Each operator is bind to local rules and regulations, where both carriers take into account of these rules and draft an agreement which will incorporate these rules in a perfect balance.

Once ITR starts to regulate business details, the freedom of business will be obstructed.

NTT Communications believes that the relationship and the flexibility of each carrier is the essential factor in today’s evolving telecommunication industry and the ITR should stand as the foundation of encouraging this ideal and should not act as an obstruction to this.

**In conclusion**

The inclusion of detailed rules within ITR will restrict freedom of trade between the international carriers, and will have a negative impact towards the telecommunication industry and users, and NTT Communications strongly objects to the revision of the ITR.

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