

10 January 2001

Dear Mr Utsumi,

First, may I thank you very much for your excellent preparation for the upcoming Third ITU World Telecommunications Policy Forum (WTPF). I would also like to express our appreciation of the work of Mr Wong and the other members of the Informal Expert Group (IEG), as well as the ITU Secretariat staff. Thanks to all these tireless efforts on behalf of Member States and Sector Members, I am sure the WTPF will be a great success.

Referring to your Draft Report on IP Telephony, of 15 December 2000, I would like to offer the views of the Administration of Japan on this topic. We would be very grateful if you would kindly forward the attached comments for consideration by the second meeting of the IEG in January 2001, and for possible inclusion in the draft opinions to be considered by the WTPF.

Yours sincerely,

Masahiro Nishimori
Counsellor of Japan

JAPAN

Comments on the Secretary-General's Draft Report on IP Telephony

We recognise that IP telephony is expected to be a key application that is essential for developing the global IP-based network; at the same time, it is likely to have a significant effect on infrastructure development and the nature of universal services provided by traditional PSTN operators. We understand that for these reasons, as mentioned at the ITU Council 2000, many Member States, including developing countries, are very interested in this theme, making global discussion urgent. Therefore it is appropriate that the third World Telecommunication Policy Forum (WTPF) has chosen IP Telephony as its focus.

Structure of the report

We suggest the structure of the report would be improved by identifying problems of IP Telephony in Introduction, and by summarising the premises for specific discussions. Those premises include definitions of IP Telephony (including VoIP and Internet Telephony), typical and anticipated examples of current services and networks, and anticipated trends in IP Telephony.

Economic aspects of IP Telephony and its impact on Member States and Sector Members

The cost advantage of IP Telephony can promote competition with traditional PTOs in the telecommunications market and reduce PTOs' costs. In the long term, IP Telephony also creates many economic and social opportunities with the deployment of various IP-based applications and services.

Therefore, in considering how developing countries can be assisted to introduce IP Telephony, and to shift from circuit-switched networks to IP-based networks whenever necessary, the ITU should continue studying the cost advantages of IP technologies in detail, taking case studies into account.

Concerning issues for international access charges for IP networks, including international accounting rate, we should have the further discussions in ITU-T SG 3, taking the results of the third WTPF into account.

Policy and Regulatory issues concerning IP Telephony

Because countries have different views on service definitions and regulatory categories for IP Telephony, we support the opinion of the first meeting of the Informal Expert Group (IEG) that working definitions should be established, so that effective and integrated discussions can take place at the WTPF. Of course, this does not imply comments of each Member State having its own regulatory regime for IP Telephony.

Recently, many new types of telecommunications services have emerged to satisfy diversifying consumer demands. In these circumstances, we recognise that it is useful to consider basing IP Telephony regulations not only on the traditional criteria many countries are using at present, such as voice or data transmission, but also on other factors, such as the nature of services, including quality of services (QoS).

Traditional telephony is strongly bound to the hardware of network facilities. On the other hand, IP Telephony services can be provided using only application-related facilities (such as the software), without the need to own hardware. Because IP Telephony service suppliers do not need to have their own network facilities, we need to examine possible new regulatory frameworks, which may be different from those applied to traditional telephony that is based on network facilities. As part of this effort, countries should examine which applications should be regulated. For example, it might be considered essential to regulate telephone numbers as an indispensable element in both the hardware and the software of IP Telephony.

Impact of IP Telephony on Universal Service Schemes

“ Functional equivalence” is an important notion and should be referred to when considering regulation of IP Telephony, taking traditional voice telephony regulations into account.

Whether IP Telephony should be designated a universal service in a particular country should be determined by not only the functional equivalence concept, but also with reference to the condition of the country’s telecommunication market, how its whole network infrastructure (including PSTN, IP-based networks and mobile networks) is deployed, the extent of IP Telephony dissemination and the expected future share of IP Telephony in the voice telephony market.

The digital divide and bypass

Taking into consideration the challenge posed to developing countries by the decline in international settlement rates, it is important to enable those countries to have a clear view of how

IP-based networks should be treated in maintaining universal service schemes and the benefits that will result from investing in IP-based network development.

For this purpose, studies of the economic aspects of IP Telephony and its effects should be continued after the WTPF. We also need to create a “knowledge centre” at which Member States and Sector Members can share essential knowledge and views of global trends in IP technologies, including the performance of other standardisation bodies, infrastructure development, IP-based services and applications, and regulatory activities and policies.

Human Resource Development

The ITU should co-ordinate its activities regarding Human Resource Development (HRD) with all soon-to-be-launched activities aimed at bridging the digital divide, thus integrating all relevant efforts as a whole.

Future Development of IP Telephony

Future development of IP Telephony must take into account the following:

- IP Telephony has emerged along with the new IP technology, which is rapidly progressing. Market circumstances for IP-based services are also changing.
- it is important to share information and expertise among Member States and Sector Members so that the experiences of developed countries are available as very important references for developing countries
- there must be action regarding IP Telephony across regulatory policies, standardisation, and development activities. These three areas need to be well co-ordinated in implementing planned activities.

We would like to acknowledge the high standards of work of the SPU of the General Secretariat, which has taken the lead in dealing with questions of IP Telephony and excellently completed its tasks in the short period since the first Strategic Planning Workshop was launched in June 2000.