

DRAFT OPINION A

The general implications of IP Telephony for the ITU Membership with respect to:

- a) the telecommunications policies and regulations of ITU Member States;**
- b) the implications of IP Telephony for developing countries, particularly with respect to policies and regulatory frameworks, as well as technical and economic aspects;**
- c) the impact of IP Telephony on the operations of Sector Members, notably in terms of the financial challenges and commercial opportunities it presents.**

The third World Telecommunication Policy Forum (Geneva, 2001),

considering

that, pursuant to the basic provisions of the ITU Constitution, the purposes of the Union include:

- to maintain and extend international cooperation among all members of the Union for the improvement and rational use of telecommunications of all kinds;
- to promote the development of technical facilities and their most efficient operation with a view to improving the efficiency of telecommunication services, increasing their usefulness and making them, so far as possible, generally available to the public;
- to promote the extension of the benefits of the new telecommunication technologies to all the world's inhabitants,

recognizing **[broader economic implications for a country]**

- a) that the deployment of IP-based networks and applications has the potential to benefit users, industries, and the economy at large, because it fosters technical and market innovation, and diversity and growth in the economy;
- b) that these new enhanced communication capabilities may be essential for the development of other service sectors, and for the production and distribution of goods in the global economy as a whole;
- c) that IP-based voice applications should become more readily available at cost-effective prices, for the benefit of all users and industries, by being supplied under competitive market conditions in which multiple, alternative sources or means are available to address user and industry needs;
- d) that IP Telephony should be viewed as a major opportunity for all countries to respond to the convergence of information and communication technologies and evolve their networks in order to expand the availability and use of a broader range of modern communication capabilities,

noting ***[implications for operators]***

- a) the continued expansion of the Internet and IP-based networks as a major medium for communications and commerce;
- b) that the flexibility of IP technologies will lead to an integration of voice and data networks, thereby allowing suppliers to take advantage of synergies and cost reductions, which will enable the provision of new innovative services and applications for the benefit of all citizens, and that it has been predicted that revenues from these services could soon exceed those from voice alone;
- c) that packet-based networks that can support IP Telephony are being designed with a variety of core network and access technologies and capabilities, including wireless technologies;
- d) that mobile wireless systems are expected to migrate towards an IP-based architecture in order to deliver integrated voice, data and multimedia services, as well as access to the Internet;
- e) that all Sector Members face both challenges and opportunities during this transition to a market-driven industry;
- f) that many service providers in developing countries could benefit from additional resources and expertise in making a smoother and more rapid transition to IP-based networks and applications,

conscious ***[implications for government policies and regulation]***

- a) that each Member State has the sovereign right to develop policies related to telecommunications to meet its needs and objectives;
- b) that Member States pursue policies that seek to:
 - (i) attract capital investment so as to fund infrastructure that serves users and society as a whole;
 - (ii) stimulate innovation in order that applications and products that meet the needs of people can be offered in the marketplace;
 - (iii) exploit the synergies between capital investment and innovation so as to promote sustainable economic development that can attract further investment and create the environment necessary to promote more innovation;
- c) that Member States have legitimate public policy goals in the telecommunication sector, including universal access and service, competitive markets, technology innovation and transfer of technical know-how, and the development of human resources;
- d) that although IP Telephony could have a negative impact on voice revenues generated by a number of telecommunication operators, particularly in some developing countries, there could also be a revenue gain for other telecommunication operators and service providers, and a general gain in welfare in the economy as a whole;

e) that the dynamic growth of IP-based networks, applications and services has been due to a combination of private sector investment and innovation and minimal or light government regulation, and that government regulation should aim to foster effective competition;

f) that initiatives and policies dealing with IP-based networks would benefit from input from users (consumers and business organizations),

is of the view

a) that IP Telephony applications are best supplied in a market in which consumers have choices among multiple, alternative sources or means to address their needs, because only then will citizens, businesses and the overall economy reap the benefits of innovation and cost effectiveness;

b) that regulation may be appropriate where there is market failure or when public interests cannot be adequately met by industry (e.g. universal access and service);

c) that Member States should carefully examine the implications of applying existing regulatory regimes to IP-based services and applications,

invites

1 Member States and Sector Members to work on the introduction and deployment of IP technologies and IP applications, including the exchange of information;

2 all Member States to review their current regulatory frameworks with a view to:

i) encouraging investment, spurring innovation and advancing development,

ii) achieving public policy goals in the context of a converged communication services environment;

iii) adopting a competition-oriented approach with respect to IP Telephony in order to achieve clearly defined public policy goals, taking into account, among other things, the concept of technology neutrality;

3 Member States that have not yet decided to open their communication services markets to competition to consider the merits of doing so, in order to be able to take fuller advantage of the benefits of innovative communication services supplied under cost-effective competitive market conditions.