

ETNO Reflection Document on the Strategic Development of ITU

Executive Summary

The rapid growth of broadband technology and the convergence of telecommunications, computing and information and multimedia applications are opening up new perspectives for the sector. Some Member States see ITU's mission to be in the field of promoting the broader definition of telecommunications, namely the application of ICTs, and advocate for a change of its fundamental missions.

The new environment of the telecommunication sector combined with the preparation of the upcoming ITU Plenipotentiary Conference, \- PP-06 in Antalya in November 2006, was the occasion to reassess ETNO's views on the future of ITU.

This ETNO Reflection Document on the strategic development of ITU focuses on the following four main missions of ITU:

- development of technical standards
- coordination and management of the radio frequency spectrum
- "closing the gap"
- global activities such as IPR, GMPCS MoU, etc.

ETNO finds that these core activities fall within the current mandate of the ITU, and will permit ITU to operate close to market needs. In order to fully achieve this goal, ETNO thinks that a reform is more than ever necessary, and proposes in this Reflection Document some ideas to be discussed in the appropriate fora, such as with CEPT administrations in the context of the preparation of the next Plenipotentiary Conference, EC representatives, etc.

Introduction

The observations presented in this paper are based on a scenario for evolution of the Information Society which is characterised by the following elements:

- convergence of telecoms/IT/broadcasting and fixed/mobile: barriers between industries and between fixed and mobile communications have been removed;
- growing liberalisation: competition has been introduced worldwide, eg, through implementation of WTO agreements;
- new telecoms regulatory regime: regulatory and operational responsibilities have been separated and regulation is mainly based on common competition rules principles, although often applied ex-ante;
- new Information Society regulation: e.g., on data protection and privacy, content security and liability, copyright;
- globalisation: i.e., a number of “global” alliances of operators providing a range of end-to-end services across national borders;
- a strengthened position of the ITU: i.e., it has affirmed its role as an organisation with a global character, open for participation by all interested parties (stakeholders) , with **the following four missions:**
 - development of technical standards, with a focus on interoperability and interconnectivity,
 - coordination and management of the radio frequency spectrum, numbering plans and other scarce resources,
 - “closing the gap” - i.e., creating conditions for establishment of partnerships, inter alia by promoting the implementation of stable and transparent regulatory structures in developing countries with a view to furthering growth and expansion of telecommunications networks and services,
 - develop activities of a global nature related to issues such as “content”, IPR, GMPCS MoU, MoU on “Internet high level domain names”, etc.

1. Present status

Today ITU is the only truly global organisation exclusively devoted to the development, implementation and use of telecommunication services. Its strength is its unique recognised global position with partnership between developed and developing countries, and co-operation between governments and commercial players.

However, ITU is hampered in its activities by a bureaucratic structure and bureaucratic procedures, and also by some internal competition between SG and the three sectors as well as competition with other international organisations.

There is also a real need for ITU to bring its mission and management in line with the realities of a competitive marketplace shaped by rapidly changing technologies. ITU has not responded properly to the organisational separation between the regulatory and operational functions which we believe is a prerequisite in a competitive environment. ITU also tends to give Administrations overall responsibility for activities not related to treaty making.

2. Future requirements for cooperation in the Information Society

- Cooperation for the development of technical standards, with a focus on interoperability and interconnectivity
- Speedy and timely introduction of new competitive technologies and services that meet the needs of the global market requires shorter innovation cycles
- Global coordination and regulation of the use of the radio frequency spectrum and the geostationary orbit. Frequency management will be increasingly important in the years to come and there is a need for one sole place for making global arrangements and establishing necessary global regulations for the allocation of frequencies. There is also a need to open a debate for a new spectrum management, including options based on economic value (spectrum trading, etc)
- Studies of technical conditions for radiocommunications: propagation studies, scientific applications of radio communication, including radio astronomy
- Coordination and management of global numbering plans
- For the needs of developing countries:
 - creating conditions for partnerships in view of furthering growth and enhancement of networks and services
 - Facilitation of necessary investments for networks and services
 - Promotion of standardization and radiocommunication activities, by conducting studies adapted to the market needs of the local or pan-regional markets
 - Help to develop models of cooperation between public and private sector during a transition phase

- Cooperation in areas related to data protection and privacy, content security and liability, copyright issues related to information transmission on telecommunications networks, and others

3. ITU of the future

ETNO is of the opinion that ITU, because of its universal mission, neutrality and objectivity, is well-positioned to take on the role as the global telecommunications organisation of the future, while remaining a specialised agency within the UN system. It is considered essential, however, that the future activities of the ITU are carried out with due regard to the legitimate requirements of the different players and in a flexible framework where the different work areas are given freedom to make their own decisions relating to organisation, tasks, budgets and working procedures - even if these procedures in some aspects should differ from the overall provisions in the UN system. The future ITU would naturally organise its activities in work areas adapted to the four missions

3.1 Global standardisation and other technical activities

This work area would be open to all interested parties taking part on an equal footing. The standardisation process must be driven by market needs, flexibly and rapidly following the industrial and technological developments. ITU should be the organisation for global telecom standards, including global interoperability and global interconnectivity with particular attention paid to interconnecting NGNs. These issues should be limited to technical aspects and avoid as much as possible references to regulatory issues; therefore the current area of WTSA-04 Resolution 40 should not be extended.

With the growing trend of globalisation of the standardisation in other SDOs, fora and regional standardisation bodies, the collaboration between ITU-T and these other players should be enhanced. On an internal point of view, and considering their work in the ITU-T SGs, TSAG, Workshops, the role of Sector Members within the ITU should also be enhanced.

In order, to make this collaboration easier and to make ITU be the vehicle to globalise standards from other SDOs:

- ITU-T Recommendations, and in general all ITU Recommendations, should be electronically available free of charge. ITU could be the vehicle to globalise standards from other SDOs.
- the maximal use of AAP should be encouraged
- the transversal topics should be addressed by a structure (JCA-like) gathering the relevant ITU-T SGs and representatives of relevant SDOs

To keep its leadership in the development of global standards, ITU has to follow the following key principles:

- speed (time-to-market of the products),
- openness (participation open to all parties involved in the development of global standards),
- □budget transparency (clear assignment of the financial contribution to the standardisation work),
- efficiency (streamlining the production and management processes, e.g. project-oriented mode of operation)
- □decision process (participation in the decision process by those who have contributed to the work).

3.2 Use of the radio-frequency spectrum, global numbering plans and other limited or scarce resources

Decisions concerning the management of limited natural resources must be made at an international level through cooperation between the competent national authorities and other parties involved. Participation should be open to all interested parties who together will form the basis for decisions. However, agreements between sovereign states regarding the regulation and coordination of such resources need to be on a treaty making level. It is therefore recognised that member countries must have the exclusive right to make the formal decisions which become binding for themselves.

Regarding global numbering issues, liaison with industry fora should be very close when the needs for new global identifiers are under study (for instance in relation to IETF, IEEE, WiMax Forum, 3GPP, GSMA, etc.). The role of numbering for interoperability has to be fully recognised, within the context of ITU technical discussions and decision making on that matter.

The harmonisation of the use of frequency bands still needs to be promoted as it is a precondition for the successful development of radio-communication technologies, provided the choice of technology is not artificially constrained without technical justification, enabling economies of scale, free movement and seamless usability of radio terminal equipment. The identification of the 5 GHz band for Wireless Access Systems (WAS) including RLANs or the designation of frequency bands for 3rd Generation mobile are recent examples of such action paving the way for the development of such systems and related communication services on a worldwide basis.

In its current form, the Radio Regulations authorise a certain level of flexibility, in cases where there are more severe constraints on the use of spectrum than these have usually been implemented at the regional or national level.

Possible need for modification of the structure of the RR have been studied by WRC 03 within Agenda Item 1.21 dealing with Terrestrial Wireless Interactive Multimedia systems (TWIMs) in relation with convergence issues and is still under consideration in relation with RES 951 by ITU-R Study Group 1. Convergence is one of the main issues of current

communication sector evolutions and related studies should be strengthened accordingly.

ITU-R remains the only forum where initiatives and experience in term of radio frequency regulation from the various regions can be confronted and considered from a global perspective. Two issues appear to be of particular interest and should be dealt with before changing the spectrum regulatory framework:

- The definition of rules to ensure necessary coexistence and balance of harmonisation and flexibility of the use of the frequency bands required by more and more reduced innovation cycles.
- The technical issues related to the introduction of market based spectrum management methods.

3.3 Development of partnerships - “closing the gap”

In order to promote the development of networks and services in the developing countries, the ITU should continue its unique partnership between developing and developed countries and between the public and private sector with a special focus on collecting and disseminating information.

To develop ICTs, ITU can play a specific role as recognised by the outcomes of the WSIS. But duplication of the role of ITU should be avoided. ITU clearly has some technical role to seek in the post WSIS phase in close cooperation with other actors in a multi stakeholder environment. ITU could take on a role as facilitator, moderator or recognised partner regarding some actions lines identified by WSIS, as detailed in Resolution 30 adopted by the WTDC.

In particular, ITU can be an appropriate vehicle to

- adopt commitments that will involve a close dialogue with all stakeholders in the future conception of e-strategies,
- strengthen alliances with the private sector to promote the development of applications and local content that meet the demands and requirements of users at the national and local level,
- support interoperability among open platforms .

3.4 Coordination and management of global activities related to issues such as “content”, IPR, GMPCS MoU, MoU on “Internet high level domain names” etc

As information services become an increasingly important part of the telecommunication business, ITU could have an important role in providing expert advice and assistance to other international organisations like WIPO (protection of intellectual property) and WTO (trade in content services) in relation to issues such as data protection and privacy, content

security and liability, copyright of information transmitted on telecommunication networks, etc.

In addition, ITU could help to shape a global environment furthering the development of information infrastructures and services through the coordination and management of activities involving the market players on a voluntary basis and aiming at the establishment of international agreements such as the GMPCS MoU, the MoU on "Internet high level domain names", etc. It should be underlined that these activities will not result in any form of treaty making.

Internet is a specific and sensible issue:

- **on the regulatory point of view**, ETNO believes that the Internet should, as far as possible, remain unregulated. The Internet and electronic commerce are flourishing in a competitive marketplace, which should be primarily governed by market forces and self-regulation.
- This issue is now dealt with by the Internet Governance Forum (IGF); ETNO supported the establishment of that forum for multi-stakeholder policy dialogue to be convened by the United Nations Secretary General.
- **on a technical point of view**, ETNO would like to see the predominance of ICANN maintained and is not in favour of ITU taking over ICANN's functions. ETNO is opposed to see ITU play a role in the technical or operative management of Internet.
- **On a commercial point of view**, ETNO requests to respect, in a context of expected evolution towards a level playing field, the commercial freedom of the different players on the market, especially concerning access to infrastructures and services, in compliance with competition rules and principles. The private sector has already heavily invested in the rollout of infrastructures and the development of a vast number of services. In this sense, as explained below, the importance of a close cooperation between the public and the private sector in the development of national e-strategies and Information Society Policies at an early stage is essential and needs to be fully recognised and implemented

3.5 TELECOM

In addition to the above core activities, it could be considered useful to continue the more "commercial" activities of the ITU - like the TELECOM exhibitions and others - at least to the extent that such activities are creating revenues that can be used in support of ITU's main missions.

ETNO would see clearly expressed the commercial priority given to TELECOM Exhibitions. The recent trend as seen at TELECOM 03, to include institutional stands to promote diverse views not necessarily linked to telecom activities or to the promotion of telecommunications should be stopped. TELECOM events should also be profitable: by definition, a benefit would not be obtained if the events are open to non-paying participants (NGO, political institutions, etc).

ETNO also favours the establishment of a totally separate budget for TELECOM activities, managed on a transparent basis, in particular with regard of the internal ITU cost allocations.

3.6 Other activities:

ITU could also have an important role as a facilitator between emerging economies and financial institutions. A number of countries need information for effective policy-making, regulation, project planning and investments, and of course technical expertise. ITU has therefore a permanent staff having the appropriate expertise for that purpose.

Proposals

As the new telecommunications environment involves more and more the private sector, ETNO believes a reform of the ITU is more than ever necessary. In the attached Annex, ETNO suggests a number of proposals that would facilitate the execution of the core activities of the Union and enhance the efficiency and effectiveness of the organisation:

ANNEX: Ideas for a possible reform:

- **to review the management, functioning and structure of the Union and the rights and obligations of Member States and Sector Members,**

ETNO would like to see a decentralisation of the organisation and management of the ITU: the Sectors (Development, Standardization, Radio) and the TELECOM unit should be autonomous, each managing their own budget and being responsible for their own results. These entities should of course be under the ITU umbrella together with the General Secretariat which, apart from the functions of a holding entity, would also be responsible for all actions involving the sovereignty of ITU Member States.

- **membership of the ITU**

Economic players involved in telecommunications activities should be admitted as members of one or several Sectors, pursuant to admission procedures particular to each of them. All the members of a Sector should enjoy the same rights and obligations in the definition of a general framework for activities, a pluri-annual work programme, the drawing up of the related budget and for the approval of Questions and Recommendations.

- **working methods**

The working methods should be defined and approved at the level of each Sector with a view to obtaining optimum efficiency and responsiveness.

- **contribution of Sector Members**

ETNO finds it important to take into account the full range of resources put at the Union's disposal by the Sector Members (in addition to monetary payments, these may include active participation of experts and other contributions in kind). It should be underlined that the Sector Members guarantee the financial success of the TELECOM events. ETNO would also like to stress that the question of the financial contributions of the Sector Members cannot be disconnected from their possibility of influencing and taking part in the budgetary process of the Union and the controlling of its expenses.

On the more specific points ETNO would like to highlight the following points:

a. consider ways of improving the budgetary system of the Union and strengthening its financial base

ETNO considers that in order to be efficient the budgetary system of the Union should be based on a bottom-up approach. Indeed drafting a budget

must derive from a strategy and a consistent work programme; it is therefore crucial that the budgetary process of the Union is based on the budgets of each of the Sectors which reflect the prioritised work programme agreed by its members. On the other hand a better control of the overhead costs has to be achieved especially the costs of the General Secretariat allocated to the Sector budgets. This double approach is a prerequisite for any further consideration of the respective contributions of the Members States and Sector Members.

The establishment of the NCOG is a first step in that direction and the principle of that mechanism has to be agreed at next Plenipotentiary Conference.

ETNO would also like to emphasize that the more attractive the Union is to potential new Sector Members, the more income it will receive, and the more cost efficient the Union is, the more it will be able to compete with other already existing international fora.

b. consider and recommend ways of improving the effectiveness of the overall management and supervision of the Union, taking account of the Council's size and the frequency and duration of its sessions

One of the critical elements in the overall management and supervision of the Union is the Council. ETNO strongly believes that the distribution of tasks between on the one side the Council and on the other side the ITU management and the Sectors should be closely examined as well as, the representativity and transparency of the Council vis-à-vis the Sector Members and the tasks which could be better performed within the Sectors following the application of the subsidiarity principle.

c: the elections

The appropriateness of having five elected officials should be carefully considered. As far as the Directors of the Sector bureaux are concerned, ETNO is of the opinion that rather than be elected by a Plenipotentiary Conference they should be appointed by the respective Sector Assemblies on the basis of their competence and adequacy with an agreed job description. The organization of this process should be further analysed and the role of the Sectors in this process should be strengthened. Regarding the Assemblies it is essential that they only deal with strategic issues leaving the management of the Sectors and the day-to-day activities to the respective Bureaux and the Sector bodies.

d. the structure of the secretariat (the General Secretariat, including TELECOM, and the three Bureaux)

It is ETNO's view that the basis of the structure of the Union should be the Sectors and the TELECOM unit which should organize themselves as business units in the most adequate way, regarding their management, work programme, budget with an enhanced role for the Sectors' Advisory Boards.