

ETNO DIRECTOR'S INTRODUCTORY REMARKS AT THE FCC OPEN INTERNET ROUNDTABLE

WASHINGTON, 16 SEPTEMBER 2014

Roundtable 2: Scope of Open Internet Rules

This roundtable will consider the proper scope of new open Internet rules, with a focus on the definition of reasonable network management, treatment of specialized services, and whether new rules should extend to the point of interconnection between last-mile Internet service providers (ISPs) and other networks and services (i.e. Internet traffic exchange).

Panelists:

Jeff Campbell, Vice President, The Americas, Cisco Systems, Inc.
Daniel Pataki, Executive Director, European Telecommunications Network Operators' Association (ETNO)
Jon M. Peha, Professor, Engineering & Public Policy, Carnegie Mellon Univ.
Matt Wood, Policy Director, Free Press
Corie Wright, Director of Global Public Policy, Netflix, Inc.
Christopher Yoo, John H. Chestnut Professor of Law, Communication, and
Computer & Information Science, Univ. of Pennsylvania Law School

Moderators:

Julie Veach, Chief, Wireline Competition Bureau, FCC
Matthew DelNero, Deputy Chief, Wireline Competition Bureau, FCC

INTRODUCTORY REMARKS - CHECK AGAINST DELIVERY

Thank you very much to the FCC for having invited ETNO to represent European telcos at this roundtable.

Today, in this room, you are discussing the scope of US legislation. The very presence of a European trade association at this table nicely reflects the nature of the Open Internet debate. It is a global one, because the internet is global and because we all want to preserve its unity and integrity.

Depending on statistics, the EU and the US cumulatively account for more than 30% of internet users in the world. American and European companies are providing online services which have changed the lives of billions of people across the globe. Our commercial ties are strong and regulatory convergence between the two sides of the Atlantic is often a common political objective.

For this reason, I agree that we share a common responsibility for advancing a level-headed, open and inclusive debate on what an Open Internet should look like.

As Director of ETNO, I will not take positions on the specifics of the US regulatory discussion, but I will rather underline some high-level principles which we believe should form part of any policy approach

to the Open Internet. Excessive divergence on principles, especially if they are enshrined in law, might harm the internet as a global, interconnected ecosystem.

I'll now go straight to the points you asked us to consider for this panel.

Let me start with the most general: how do we define the proper **scope of open internet rules**? First of all, I believe that the debate on the open Internet should be held by looking at the Internet value chain as a whole.

Let's assume that we manage to agree on some common principles, like openness and transparency for example. I believe that they should then be implemented across the entire value chain. The 'last mile' can no longer be discussed in isolation when we debate whether to regulate or not to regulate a complex ecosystem. Consistency is key both from a user perspective and from the business one.

Now, if we focus on telcos, I believe that the European debate has reached consensus at least on three main points:

- First, blocking or throttling of competing services is a no-go. Let me add more: Tariffs that limit access to certain Internet services, such as VoIP, are not a future business model.
- Second, we need transparency to empower choice and provide full information to users.
- Third, traffic management is necessary to ensure – and I quote the European Commission – “an efficient use of the networks”.

European telcos agree with such principles.

Let me now expand on **traffic management**. We believe that network management is essential to the proper, secure and reliable functioning of networks. More than that: Our engineers, who run the network, tell us so. They also tell us that significant limitations to traffic management practices would effectively degrade the users' experience and hamper the quality of the services that we currently offer to European citizens.

Traffic management is one piece of this, the flexibility to experiment with new business models, new services, and the like is also essential. Both are necessary to provide consumers with more choices and to encourage innovation and investment.

The third aspect you asked us to consider is the treatment of **specialized services**. We do believe that specialized services are and should remain a key part of the Internet and broadband ecosystem, which has created so much choice and opportunities for all. In our view, they should remain outside the scope of the open Internet rules. Any restrictive measures would risk hampering the enriching potential of current and future specialized services

To conclude, let me summarize 3 important principles that we believe should drive the Open Internet debate in both national and international arenas:

- First, any measure designed by governments in this field should be **pro-innovation**. Overly-prescriptive regulation kills innovation.
- Second, measures should be **pro-investment**. We should share a common objective here: we want more investments to flow into the deployment of high-speed networks and new online services. It would be self-defeating if Open Internet rules had an investment-chilling effect.
- Third, measures should be **future-proof**. Legacy regulation conceived for the PSTN-based telecoms world is not appropriate to today's fast-moving and exciting internet ecosystem. I am sure this will be further discussed later by the other speakers.

Let's talk future, investments, innovation. Telcos are fully on board.

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