



Policy Statement

Broadband deployment

*Prepared by the Commission on E-Business, IT and Telecoms
Task Force on Telecoms Policy*

Liberalization and competition in the telecommunications market have brought new and innovative technologies and services to the market. A pro-competitive broadband policy that ensures the right market conditions for infrastructure investment and innovation is essential to the ongoing deployment of broadband. This pro-competitive framework must be technology neutral and market-led. Otherwise, the potential for broadband deployment may easily be stifled. This policy statement outlines several policy challenges which will need to be resolved to create the right market conditions to promote broadband deployment.

Within ten years, 10 – 100 Mbps access speeds by both consumers and small and medium size enterprises (SMEs) will probably be essential. There is no single preferred growth scenario to reach the goal of widespread and effective broadband deployment. Rather, a combination of gradual expansion of capacity through 2G, GPRS (General Packet Radio Service) and 3G, as well as new and upgraded infrastructure in the 100 Mbps range will be needed. Building broadband networks requires considerable investment and, despite the current financial difficulties in the telecoms sector, much of this long-term investment still needs to be made. An optimal development of broadband infrastructure will encompass copper based and fibre optic networks, cable TV infrastructure, mobile and wireless local loop initiatives and satellite, and will most likely be reached in a market driven, competitive environment. Network and service platforms must be able to develop to continuously respond to the diversity of user needs and to reach out to remote communities, bridging geographical gaps in broadband delivery. In this way, society and the economy will benefit from cost reductions, efficiency gains, regional development, the creation of new businesses and services and the positive social effects of successful broadband deployment.

There is enormous potential for further innovation in technology, content and services. Business is willing and able to take the risks involved in deploying new broadband services and applications so long as the appropriate market conditions and policy framework are in place.

This ICC policy statement outlines the optimal framework conditions for the deployment and use of broadband, listing measures which need to be taken by governments on both the supply and demand aspects of broadband roll-out. ICC also raises three areas of public policy affected by broadband – security, cybercrime, and intellectual property protection - and urges governments to consider their implications.

What are the optimal framework conditions?

Creating an optimal framework requires a mix of policies to stimulate conditions for the supply of the infrastructure, demand for the infrastructure, and certain specific public policy concerns. A seamless and competitive broadband infrastructure needs a co-ordinated approach from government departments and agencies. The public sector has a key role to play in establishing the right regulatory and political framework, and also by adopting and using broadband itself. ICC proposes the following actions by government to promote a business climate conducive to investment in broadband infrastructure and services and products that require higher bandwidth:

Supply of Broadband Infrastructure:

1. Ensuring a competitive marketplace:
Governments should ensure a pro-competitive and market-driven policy framework that promotes investment in and deployment of broadband for business users as well as consumers. Actions necessary to promote such a policy framework include:
 - *Telecommunications liberalization:*
Liberalization of the telecommunications market has been a powerful economic driver in many countries. Business users need innovation and choice in broadband services. This can best be achieved through open and competitive markets which also create incentives for continued investment. Therefore, it is critically important that governments make meaningful market opening commitments for basic and value-added telecommunication services and effectively enforce existing telecommunication commitments in the WTO and other trade agreements. WTO members that have not yet made telecommunications market-opening commitments should do so. WTO members that have made commitments should implement them in a timely fashion.
 - *Pro-competitive regulation for basic telecommunications:*
Ensuring effective application of the pro-competitive policy principles enshrined in the WTO Reference Paper is essential. ICC supports the migration away from the application of *ex ante* regulation to general competition law after a truly competitive marketplace for basic telecommunications exists. Broadband services can be delivered with a variety of technologies, and business users will benefit from competition at all levels; infrastructure, technologies and services.
 - *Limiting regulation of emerging technologies and services:*
Allowing emerging technologies and services offered in a competitive marketplace to flourish through innovation requires regulatory restraint. New technologies and services offered in a competitive marketplace should only be subject to general competition law to address specific market failures, not *ex ante* regulation.

2. Ensuring efficient and effective frequency allocation and management procedures:
Governments should make available the maximum radio spectrum for the deployment of advanced broadband services, ending the current artificial scarcity of radio spectrum. Governments should not restrict the services which can be offered over these frequencies, ensure consistency within states, and work to improve international harmonization in this area.
3. Promoting access in rural, remote and under-served areas:
Where necessary, governments can promote access to broadband infrastructure in rural, remote and under-served areas. Government policy to promote such access should consider the benefits to be derived from such access and the cost of implementation. To the extent that subsidization of lower income or rural customers is desirable, the most effective means to do so is through general tax revenues or tax incentives. Any specific policy goals for regional funds should be pursued in a transparent and competitively neutral way.

Demand for Broadband Infrastructure:

1. WTO / trade liberalization of products and services delivered via broadband:
Governments should accept international rules and make full market access and national treatment commitments for products and services that can be delivered via broadband, e.g. software, computer and related services, video-on-demand, etc. Such liberalization will increase innovation, product and service offerings and reduce the cost of such products and services, thereby increasing demand.
2. Supporting demand as an early adopter:
Governments should assist market demand by promoting broadband use for the supply and delivery of e-government services and e-procurement. Governments should lead by example in the use of information and communications technologies, assist market demand by promoting broadband use for the supply and delivery of e-government services and e-procurement.
3. Focus on small to medium enterprises (SMEs):
Governments will also greatly assist market demand by focusing on the SME sector, encouraging e-business adoption. SMEs represent a significant proportion of overall economic participation, and they are key drivers of economic growth around the world. E-business adoption will increase the overall demand for broadband infrastructure and services, increasing the economy's overall productivity as well as increasing citizen exposure to technology and technical literacy.

4. Consolidating demand:
Regional policies and local government initiatives can also be used to consolidate demand and create a sustainable market in areas where one might not otherwise develop. However, governments also need to ensure that these policies do not create market distortions or barriers to entry.
5. Stimulating IT education and training:
Governments can assist market demand for broadband services by ensuring that their educational systems are adequately focused and resourced to provide information technology training to all sectors of society. In turn, broadband will enhance people's access to information, products and services via the Internet and bring widespread benefits to society.

Public Policy Issues Related to Broadband Use:

The following issues must also be considered by governments formulating public policy relating to broadband.

- *Promoting a Culture of Security:*
Security is crucial, and awareness of security is even more essential in an “always on” broadband environment. A primary role for government is to help raise awareness and to promote a culture of security that balances the responsibilities of business and users. Business initiatives in this field should be facilitated. Governments should also be aware that government measures, such as network interception and monitoring requirements can potentially compromise overall network security and confidence. ICC refers readers to its Policy Statement on Traffic Data Storage which deals with the issues of cost, technical capability, and overall confidence in the network associated with data storage requirements.
- *Combating Cybercrime:*
Business is committed to co-operating with law enforcement to effectively combat cybercrime in a manner consistent with business realities in a competitive, dynamic market. Governments should ensure that the appropriate legislation and resources are in place to investigate and prosecute cyber attacks.
- *Ensuring Effective Intellectual Property Protection:*
Effective intellectual property protection that balances the interests of network operators, service providers, rights-holders and users is essential to ensure that innovative content, software, and other services are offered via broadband.

Conclusion

Now, more than ever, the right market and framework conditions to ensure continued investment in broadband need to be put and kept in place. The successful approach will be technology neutral, market-led and promote platform competition. Governments must work to balance the interests of all stakeholders. The most effective way to achieve an optimal outcome in broadband deployment is for governments to consult comprehensively and continuously with business.

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