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CCIA Contribution to the CWG-Internet Open Consultation on Internet Development

Below please find the submission of the Computer & Communications Industry Association ("CCIA") regarding the ITU CWG-Internet's consultation on Internet Development. CCIA is an international, not for-profit trade association representing a broad cross section of communications and technology firms. For more than 50 years, CCIA has promoted open markets, open systems, and open networks.

What are the challenges and opportunities, good practices and favorable policy environments to strengthen the Internet, including in areas such as: (1) fostering meaningful connectivity, (2) equitable access for all, (3) promoting a secure and resilient Internet, (4) achieving universal access, (5) the deployment of IPv6, (6) using satellite communication to reach remote and underserved remote areas, (7) ensuring services are affordable for people, (8) promoting digital inclusion and skills, (9) fostering multi-stakeholder participation, and (10) encouraging public and private sector investment in Internet infrastructure.

Voluntary interconnection agreements between content and application providers (CAP) and internet service providers (ISP) represent the best opportunity to foster meaningful connectivity, achieve universal access, ensure affordable service, promote digital inclusion, and encourage investment in internet infrastructure. Best practices and policies therefore should encourage voluntary interconnection and facilitate private incentives to invest in internet infrastructure.

CAPs have made significant investments into hosting, transport, and delivery networks, at a rate of US$120 billion annually from 2018 to 2021.[1] These investments produce multiple positive effects on internet development.

First, CAP investments directly increase overall internet penetration, reliability, and usage, especially for underserved areas. CAPs have substantially increased their investments in submarine cables in recent years, with CAP-owned cables increasing by 295% from 2017 to 2024.[2] Submarine cable connectivity is critical for advancing the international community's digital inclusion goals, and such investments have largely focused on servicing historically under-connected regions.[3] Similar investments are taking place in peering infrastructure, resulting in an 80% and 35% increase in the number of public and private peering points between 2018 and 2021.[4]

Second, they stimulate the interlinked demand for online services and broadband, contributing to broadband connectivity and narrowing the digital divide. Popular CAP and content delivery

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[1] https://cvwww.analysysmason.com/consulting/reports/internet-content-application-providers-infrastructure-investment-2022/
[2] https://blog.telegeography.com/telegeography-content-providers-submarine-cable-holdings-list-new
[3] https://globaldigitalinclusion.org/2024/01/17/submarine-cable-connectivity-fundamental-to-achieving-digital-inclusion-goals/
[4] https://www.analysysmason.com/consulting/reports/internet-content-application-providers-infrastructure-investment-2022/

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networks increase demand for online and broadband services, especially in developing economies.[5]

Third, they support ISPs, complementing their investments and lowering their costs by more than US$5 billion annually.[6] Investments in delivery networks, including in global traffic delivery to peering locations and funding for on-net caches, lower the costs for ISPs for traffic delivery and, in contributing to increased end-user access, foster competitive broadband markets with lower prices. While global traffic has increased in recent years, increased CAP investments in internet development have allowed telecom operators to maintain stable spending on their networks while increasing connectivity. Such returns on investment are expected to further grow over time as ISPs advance their transition to fiber and reduce their own costs,[7] highlighting the important role that voluntary interconnection plays in this period of connectivity development.

Therefore, favorable policy environments should support voluntary interconnection, and avoid excessive and unnecessary interventions in how CAPs and ISPs establish agreements. Recent proposals to impose sender-party-pay policies—as has been done in South Korea[8] and pursued elsewhere[9]—undermine the free and open internet and only serve to increase costs for consumers, exacerbate the market power of incumbent telecommunications suppliers, while decreasing quality and reliability of service. Such policies risk reducing quality service, shifting costs to end-users, harming competition, and undermining significant investments underway already.

How can we promote international multistakeholder cooperation on public policy issues that are focused on promoting the development aspects of the internet?

Multistakeholder cooperation has been a driving force in the evolution of the internet and in harnessing its development potential. Policymakers should maintain incentives for industry to continue investing in critical internet infrastructure, especially as it relates to closing digital divides. For example, policies that promote open access to markets encourage investments in submarine cables and the deployment of satellite networks.

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[5] https://www.sciencedirect.com/science/article/pii/S030859612400048X#:~:text=While%20fixed%20broadband%20adoption%20(especially,%2C%20particularly%20among%20non%2Dadopters.

[6] https://www.analysysmason.com/consulting/reports/internet-content-application-providers-infrastructure-investment-2022/

[7] https://ccianet.org/wp-content/uploads/2024/07/CCIA_Leveraging-Supply-SIde-Reforms-Promote-Universal-Broadband-Buildout.pdf

[8] https://ccianet.org/wp-content/uploads/2023/11/CCIA_Myths-Surrounding-Network-Usage-Fees-South-Korea.pdf

[9] https://ccianet.org/research/reports/impact-network-usage-fees-brazil-cloud-market/