



## Intervention for the October 3, 2024 International Telecommunication Union's Council Working Group on Internet Development's Consultation

# CCIA Remarks on Best Regulatory Practices for Investing in Internet Infrastructure

Thank you, chair, excellencies, and distinguished colleagues of the working group.

I am Gabriel Delsol from the Computer & Communications Industry Association, or CCIA, an international nonprofit membership organization representing companies in the computer, internet, information technology, and telecommunications industries.

We appreciate the opportunity to provide input on this open consultation. Inclusive multistakeholder cooperation at all levels 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.

My comments are directed at policies relevant to fostering meaningful connectivity and encouraging investment in Internet infrastructure.

Recently, there have been suggestions in various fora, that government intervention, modeled on traditional telephony interconnection, would help sustain and expand Internet connectivity. We believe that this would be a step backwards, and that 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. These investments produce multiple positive effects on internet development. And, as a result, ISPs have been able to respond to a steady increase in their users' data needs without a concomitant increase in network costs.

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. 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. 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.

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



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

Third, they support ISPs, complementing their investments and lowering their costs by more than US\$5 billion annually. 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, 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 and considered elsewhere—undermine the free and open internet and only serve to increase costs for users, 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.

Thank you, chairman, for the opportunity to provide our input in this process.