

ITU-T

TELECOMMUNICATION
STANDARDIZATION SECTOR
OF ITU

D.262

(05/2019)

SERIES D: TARIFF AND ACCOUNTING PRINCIPLES AND INTERNATIONAL TELECOMMUNICATION/ICT ECONOMIC AND POLICY ISSUES

General tariff principles – Economic and policy factors
relevant to the efficient provision of international
telecommunication services

Collaborative framework for OTTs

Recommendation ITU-T D.262

ITU-T D-SERIES RECOMMENDATIONS

TARIFF AND ACCOUNTING PRINCIPLES AND INTERNATIONAL TELECOMMUNICATION/ICT ECONOMIC AND POLICY ISSUES

TERMS AND DEFINITIONS	D.0
GENERAL TARIFF PRINCIPLES	
Private leased telecommunication facilities	D.1–D.9
Tariff principles applying to data communication services over dedicated public data networks	D.10–D.39
Charging and accounting in the international public telegram service	D.40–D.44
Charging and accounting in the international telex message service	D.45–D.49
Principles applicable to GII-Internet	D.50–D.59
Charging and accounting in the international telex service	D.60–D.69
Charging and accounting in the international facsimile service	D.70–D.75
Charging and accounting in the international videotex service	D.76–D.79
Charging and accounting in the international phototelegraph service	D.80–D.89
Charging and accounting in the mobile services	D.90–D.99
Charging and accounting in the international telephone service	D.100–D.159
Drawing up and exchange of international telephone and telex accounts	D.160–D.179
International sound- and television-programme transmissions	D.180–D.184
Charging and accounting for international satellite services	D.185–D.189
Transmission of monthly international accounting information	D.190–D.191
Service and privilege telecommunications	D.192–D.195
Settlement of international telecommunication balances of accounts	D.196–D.209
Charging and accounting principles for international telecommunication services provided over the ISDN	D.210–D.260
Economic and policy factors relevant to the efficient provision of international telecommunication services	D.261–D.269
Charging and accounting principles for next generation networks (NGN)	D.270–D.279
Charging and accounting principles for universal personal telecommunication	D.280–D.284
Charging and accounting principles for intelligent network supported services	D.285–D.299
RECOMMENDATIONS FOR REGIONAL APPLICATION	
Recommendations applicable in Europe and the Mediterranean Basin	D.300–D.399
Recommendations applicable in Latin America	D.400–D.499
Recommendations applicable in Asia and Oceania	D.500–D.599
Recommendations applicable to the African Region	D.600–D.699
Recommendations for ITU-T SG3 regional group for the Arab Region (SG3RG-ARB)	D.700–D.799
Recommendations for ITU-T SG3 regional group for Eastern Europe, Central Asia and Transcaucasia (SG3RG-EECAT)	D.800–D.899

For further details, please refer to the list of ITU-T Recommendations.

Recommendation ITU-T D.262

Collaborative framework for OTTs

Summary

Recommendation ITU-T D.262 provides a collaborative framework in order to promote competition, consumer protection, consumer benefits, dynamic innovation, sustainable investment and infrastructure development, accessibility and affordability in relation to the global growth of the over the top (OTT) applications.

History

Edition	Recommendation	Approval	Study Group	Unique ID*
1.0	ITU-T D.262	2019-05-02	3	11.1002/1000/13595

Keywords

Competition, infrastructure, innovation, investments, operators, OTT, regulation.

* To access the Recommendation, type the URL <http://handle.itu.int/> in the address field of your web browser, followed by the Recommendation's unique ID. For example, <http://handle.itu.int/11.1002/1000/11830-en>.

FOREWORD

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The World Telecommunication Standardization Assembly (WTSA), which meets every four years, establishes the topics for study by the ITU-T study groups which, in turn, produce Recommendations on these topics.

The approval of ITU-T Recommendations is covered by the procedure laid down in WTSA Resolution 1.

In some areas of information technology which fall within ITU-T's purview, the necessary standards are prepared on a collaborative basis with ISO and IEC.

NOTE

In this Recommendation, the expression "Administration" is used for conciseness to indicate both a telecommunication administration and a recognized operating agency.

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Introduction

With the increase of global mobile and fixed broadband penetration, the growth of accesses with high-speed broadband connections and the rapid adoption of connected devices, consumers have been provided with access to a wide variety of over-the-top (OTT), some of which may supplement traditional international telecommunication services provided by telecommunication operators, adding features that would not otherwise be delivered.

These OTTs are reshaping and expanding the entire communication ecosystem, whilst they have been strengthening ubiquitous connectivity and providing social and economic benefits to consumers worldwide and the global economy. At the same time, the economic impact on the traditional model of telecommunication industry and on telecom operators is being increasingly analysed.

Consideration of the economic impact of OTTs should be based upon recognition of the fundamental differences between traditional telecommunication operators and OTTs, including *inter alia*, control of broadband Internet access, level of regulatory exposure, barriers to entry, competitive environment, level of substitutability between OTTs and traditional telecom services and interconnection to public networks.

In particular, determination of competitive scenarios involving OTTs and traditional telecommunication services should consider the complexity of their interrelationship. In some cases, they may deliver similar functionalities, in other areas they may be supplementary, whereas in other aspects, OTT may exceed what traditional telecom services typically deliver. Moreover, the advancement in the telecom network catalysed the OTT development, further extending consumer benefits. To continue the momentum in development, competition, innovation and investment need to be encouraged to foster the growth of the entities in the ecosystem, including network operators and providers of OTTs.

Readers of this Recommendation are invited to review [b-ITU TR-ECOTT], the Technical Report listed in the Bibliography.

Recommendation ITU-T D.262

Collaborative framework for OTTs¹

1 Scope

This Recommendation addresses the need for promoting competition, consumer protection, consumer benefits, dynamic innovation, sustainable investment and infrastructure development, accessibility and affordability in relation to the global growth of OTTs.

2 References

None.

3 Definitions

3.1 Terms defined elsewhere

None.

3.2 Terms defined in this Recommendation

This Recommendation defines the following term:

3.2.1 over-the-top (OTT): An application accessed and delivered over the public Internet that may be a direct technical/functional substitute for traditional international telecommunication services.

NOTE – The definition of OTT is a matter of national sovereignty and may vary among Member States.

4 Abbreviations and acronyms

This Recommendation uses the following abbreviations and acronyms:

OTT Over the Top

5 Conventions

None.

6 Creating an enabling environment to encourage competition, innovation and investment in the digital economy

6.1 In view of the evolving telecommunication environment, Member States are encouraged, in coordination with stakeholders, to promote competition, and encourage innovation and investment in the international telecommunication ecosystem.

6.2 To promote fair competition, innovation and investment in a highly dynamic and fast-moving industry, Member States should assess the economic, policy and consumer welfare impacts of OTT in all critical areas affected, including their regulatory frameworks and existing economic incentives with respect to the provisioning and use of OTTs.

¹ In accordance with clause 9.5.4 of WTS Resolution 1, it was requested that the following reservations be appended to this Recommendation:

The following countries have expressed a reservation and will not apply this Recommendation: Canada, Japan, United Kingdom and United States of America.

6.3 Member States are encouraged to consider and develop enabling policies and/or regulatory frameworks to foster fair competition between network operators and providers of OTTs. Member States are also encouraged to examine, if necessary, the reduction of the regulatory burden upon traditional networks and telecommunication services.

6.4 An important element of competition policy and regulation is the identification and definition of relevant markets, and in this context, Member States should consider the fundamental differences between traditional international telecommunication services and OTTs, including the cross-border and global nature of OTTs, low barriers to entry for OTTs and integration of the markets amongst other factors.

7 Relationship between OTT and network operators

7.1 In the new communication ecosystem, connectivity and services, while no longer tethered together, all remain critically interdependent. Given that network operators and OTT are part of the same ecosystem, Members States should consider the important inter-dependencies between them, which may include how consumer demand for OTT can lead to an increase in demand for data from telecommunication service providers as well as a decrease in demand for traditional international telecommunication services.

7.2 Member States should encourage mutual cooperation as far as practical between OTTs and network operators, with a view to fostering innovative, sustainable, viable business models and their positive roles in fostering socio-economic benefits.

7.3 Member States should continue to stimulate entrepreneurship and innovation in the development of telecommunication infrastructures, especially the development of high capacity networks, considering the disruptive power and the social and economic impact of increasing access to broadband connections.

8 Fostering innovation and investment

8.1 Member States should continue to foster entrepreneurship and innovation in OTT applications, including their creation, provision and use, which benefit users, and encourage sustainable infrastructure investments.

8.2 In the spirit of service availability and affordability, Member States should foster enabling legal and regulatory environments, and develop policies that are fair, transparent, stable, predictable and non-discriminatory; and that promote competition, foster technological and service innovation and encourage private sector investment incentives, in order to ensure the continuing growth and adoption of OTTs.

8.3 Member States and Sector Members should participate and contribute to standardization efforts through global and regional standard development organizations in order to ensure open, interoperable, portable, secure and affordable services and applications for consumers, anywhere and anytime, where practicable.

8.4 More generally, Member States are encouraged to consider not only the opportunities and benefits that OTTs provide but also the challenges that arise from their exponential growth. Member States should foster access to and growth of these services through, *inter alia*, support for innovation, demand stimulation, industry collaboration and public-private partnerships.

9 Consumer protection and international collaboration

9.1 Due to the ever-increasing volumes of data being exchanged globally over the Internet as well as over international traditional telecommunication services, Member States and regulators

should take appropriate measures to encourage all market participants to maintain the security of international telecommunication networks carrying such data and thus help protect consumers.

9.2 Given the global nature of many OTT, collaboration across multiple Member States and Sector Members should be strongly encouraged.

Bibliography

- [b-ITU TR-ECOTT] ITU (2017), *Economic Impact of OTTs – Technical Report*.
<http://handle.itu.int/11.1002/pub/8106272c-en>

SERIES OF ITU-T RECOMMENDATIONS

Series A	Organization of the work of ITU-T
Series D	Tariff and accounting principles and international telecommunication/ICT economic and policy issues
Series E	Overall network operation, telephone service, service operation and human factors
Series F	Non-telephone telecommunication services
Series G	Transmission systems and media, digital systems and networks
Series H	Audiovisual and multimedia systems
Series I	Integrated services digital network
Series J	Cable networks and transmission of television, sound programme and other multimedia signals
Series K	Protection against interference
Series L	Environment and ICTs, climate change, e-waste, energy efficiency; construction, installation and protection of cables and other elements of outside plant
Series M	Telecommunication management, including TMN and network maintenance
Series N	Maintenance: international sound programme and television transmission circuits
Series O	Specifications of measuring equipment
Series P	Telephone transmission quality, telephone installations, local line networks
Series Q	Switching and signalling, and associated measurements and tests
Series R	Telegraph transmission
Series S	Telegraph services terminal equipment
Series T	Terminals for telematic services
Series U	Telegraph switching
Series V	Data communication over the telephone network
Series X	Data networks, open system communications and security
Series Y	Global information infrastructure, Internet protocol aspects, next-generation networks, Internet of Things and smart cities
Series Z	Languages and general software aspects for telecommunication systems