

For the European Commission's public consultation on proposed network usage fees.

From: Alan Davidson, United States Assistant Secretary of Commerce for Communications and Information and Administrator, National Telecommunications and Information Administration, on behalf of the United States

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24. In your view, does the universal service regime answer the future connectivity needs that should be ensured for all consumers? [Only one option can be selected]

Yes

No

Do not know ✓

Please explain your answer. In case of a negative reply, please indicate which are the possible shortcomings of the universal service regime.

Response: The U.S. Universal Service Fund (USF) programs play a key role in incentivizing investment and network deployments to make access to communications systems more available and affordable, including to remote and underserved communities. Interstate telecommunications services providers and certain other telecommunications providers, such as interconnected VoIP providers, contribute a percentage of their end-user revenues for these services into a fund to support network deployment and supplement approved services and equipment deployment and maintenance. U.S. policy allows the providers to recover USF contributions directly from consumers; such recovery fees cannot exceed their contribution to the USF.

U.S. connectivity needs are met through a combination of private investment, the USF, and significant public investments made via Congressional appropriations. Collectively, this investment contributes toward a baseline level of network accessibility, stability, and security.

28. Outside universal service, could other means of support to consumers to ensure their affordable access to broadband be envisaged? [Only one option can be selected]

Yes ✓

No

No opinion

Please explain your answer; if you reply yes, please explain which other means of support could be envisaged.

Response: The United States shares the goal of affordable, reliable, high-speed broadband access for all and recognizes that network providers must be able to recoup their costs and a reasonable return on investment. To supplement existing efforts to meet this need, the United States is

investing over \$90 billion in broadband through the Infrastructure Investment and Jobs Act and American Rescue Plan. The largest of these initiatives aims to close the digital divide by subsidizing the deployment of long-lasting high-speed broadband infrastructure. Service providers participating in the initiative are required to provide low-cost options to eligible subscribers.

This partnership between the U.S. government and service providers will help bring broadband to the unserved and underserved. After this massive one-time investment, separate Universal Service Fund programs and smaller infrastructure programs funded through annual appropriations will maintain connectivity over time.

54 The European Declaration on Digital Rights and Principles states that all digital players benefiting from the digital transformation should contribute in a fair and proportionate manner to the costs of public goods, services and infrastructures to the benefit of all people living in the EU. Some stakeholders have suggested a mandatory mechanism of direct payments from CAPs/LTGs to contribute to finance network deployment.

Do you support such suggestion and if so why? If no, why not? [Only one option can be selected]

- No ✓
- Yes
- I do not know

Please explain your answer

Response: The U.S. shares the goal of promoting reliable, fast, and secure connectivity for all. Internet services depend on a diverse global infrastructure extending well beyond end-user access networks. CAPs/LTGs build and operate networks, including large international fiber and submarine cable systems, that deliver popular services and applications. They develop or acquire content, operate data centers, and incur other obligations that contribute to the ecosystem's total costs.

Mandating direct payments to telecom operators in the EU absent assurances on spending could reinforce the dominant market position of the largest operators. It could give operators a new bottleneck over customers, raise costs for end users, and alter incentives for CAPs/LTGs to make efficient decisions regarding network investment and interconnection. It is difficult to understand how a system of mandatory payments imposed on only a subset of content providers could be enforced without undermining net neutrality.

58. Do you see any possible risks of a contribution to finance network deployment in the form of direct payments and if so, which? Please substantiate your answer, including with data.

Use drag&drop or the up/down buttons to change the order or [accept the initial order](#).

1. Sustainability within the internet ecosystem
2. Negative consequences for consumers
3. Negative effects on the incentives for innovation
4. Negative consequences on the competition between large and small providers of ECNs
5. Negative consequences on medium/small traffic generators

Other

I do not know

There are substantial risks in a mandatory mechanism of direct payments from CAPs/LTGs to telecom networks, especially absent mandatory, enforceable obligations on how such payments are spent. Enforcing mandatory payments on a subset of traffic generators could be discriminatory and degrade equal access to the Internet, thereby endangering the principle of

Internet openness/net neutrality. As BEREC has noted, such a model “would provide ISPs the ability to exploit the termination monopoly and it is conceivable that such a significant change could be of significant harm to the internet ecosystem.” (BEREC preliminary assessment of the underlying assumptions of payments from large CAPs to ISPs, October 2022.) Studies suggest that similar policies in Korea “create unnecessary costs and bottlenecks in South Korea’s digital ecosystem.” (Internet Society, “Internet Impact Brief: South Korea’s Interconnection Rules,” May 2022.)

60. The European Declaration on Digital Rights and Principles states that all digital players benefiting from the digital transformation should contribute in a fair and proportionate manner to the costs of public goods, services and infrastructures to the benefit of all people living in the EU. To achieve this, some stakeholders have suggested to introduce a mechanism consisting of a EU/national digital contribution or fund. Do you support such suggestion and if so why? If not, why not?

[Only one option can be selected]

- *Yes*
- *No*
- *I do not know* ✓

Response: The United States shares the priorities and challenges of spurring further development of digital infrastructure. Our approach to financing improvements to broadband infrastructure involves private investments, a national Universal Service Fund (see Response 24), and significant public funding made from general appropriations. Publicly accountable funding mechanisms can better ensure that resources are devoted to key policy objectives, such as improving access and strengthening network security, while avoiding discriminatory measures that distort competition.

We urge caution should the EU consider any new funding mechanisms that could disrupt the current Internet ecosystem, which has successfully adapted to evolving technological and market conditions over time. Internet traffic is global, raising questions regarding one country’s ability to collect revenues from foreign content providers: If many countries take this path it would likely be unsustainable.
