

**Testimony of Fiona M. Alexander
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Before the

**House Subcommittee on Communications, Technology and the Internet
Committee on Energy and Commerce
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**Hearing on
Issues Concerning the Internet Corporation for
Assigned Names and Numbers (ICANN)**

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Introduction

Chairman Boucher, Ranking Member Stearns, and members of the Subcommittee, thank you for this opportunity to testify on behalf of the National Telecommunications and Information Administration (NTIA) on issues related to the Internet's domain name and addressing system (DNS). Although the importance of the DNS may not be apparent to Internet users, the DNS is a critical component of the Internet infrastructure that works like a telephone directory, allowing users to reach websites using easy-to-understand domain names (e.g., <http://www.commerce.gov>) rather than the numeric network server addresses (e.g., <http://170.110.225.163>) necessary to retrieve information on the Internet.

The Internet has become a significant and important medium for conducting research, communicating with others, and conducting business. In fact, e-commerce sales by retail establishments reached \$31.7 billion during the first quarter of 2009 - a 20 percent increase over first quarter 2006, according to the U.S. Census Bureau. Given the Internet's importance in all of these facets of daily life and the country's general economic well-being, it is essential that the Internet - and its underlying infrastructure - remain stable and secure. This is the primary concern of the Department of Commerce (Department). Consequently, the Department takes very seriously its responsibilities with respect to the Internet DNS, including the Joint Project Agreement (JPA) between the Department and the Internet Corporation for Assigned Names and Numbers (ICANN).

In my testimony today, I will provide details on the Department's relationship with ICANN as well as the Department's views on ICANN's proposed introduction of new generic top-level domain names (gTLDs) for the Internet.

The Foundation of the Department's Relationship with ICANN

ICANN was created out of an effort to bring more coordination and sustainability to the management of the Internet DNS, as the Internet grew into a large-scale global network. A July 1, 1997, Executive Memorandum directed the Secretary of Commerce to privatize the Internet DNS in a manner that increases competition and facilitates international participation in its management. In June 1998, the Department issued a statement of policy on the privatization of the Internet DNS, known as the *DNS White Paper*.

The White Paper concluded that the core functions relevant to the DNS should be primarily performed through private sector management. To this end, the Department stated that it was prepared to enter into an agreement with a new not-for-profit corporation formed by private sector Internet stakeholders to coordinate and manage policy for the Internet DNS. ICANN was formed by private sector interests for this purpose, and, in the fall of 1998, the Department of Commerce entered into a memorandum of understanding (MOU) with ICANN to transition technical DNS coordination and management functions to the private sector.

The MOU did not simply turn over management of the DNS to ICANN. Rather, the purpose of this agreement was to design, develop, and test mechanisms, methods, and procedures to ensure that the private sector has the capability and resources to assume important responsibilities related to the technical coordination and management of the DNS. The agreement between the Department and ICANN does not give the Department of Commerce the ability to exercise oversight in the traditional context of regulation, and the Department of Commerce plays no role in the internal governance or day-to-day operations of ICANN.

Evolving Relationship

Since 1998, the MOU has evolved through several iterations and revisions as ICANN tested these principles, learned valuable lessons, and matured as an organization. Amendments to the MOU were agreed to in 1999, 2000, 2001, and 2002. In 2003, the Department of Commerce noted the progress that ICANN had made since its inception. Accordingly, the Department of Commerce and ICANN collaboratively established more specific milestones to further assist ICANN in meeting the objectives of the DNS Project. At that time, both the Department of Commerce and ICANN recognized that much work remained for ICANN to evolve into an independent, stable, and sustainable DNS management organization, and the agreement was extended through September 30, 2006 to allow sufficient time for ICANN to meet these milestones and objectives.

On May 23, 2006, NTIA issued a Notice of Inquiry (NOI) and announced a public consultation on the continued transition of the technical coordination and management of the Internet DNS. This consultative process resulted in over 700 contributions from individuals, private corporations, trade associations, non-governmental entities, and foreign governments. The consultation evidenced broad support for both continuing the

transition and the ongoing involvement of the Department of Commerce. On September 29, 2006, NTIA and ICANN signed a Joint Project Agreement (JPA) extending the current MOU between the Department of Commerce and ICANN for three more years, until September 30, 2009.

The JPA called for a midpoint review of ICANN's progress toward becoming an organization with greater transparency and accountability in its procedures and decision making. NTIA conducted this review by releasing an NOI on November 2, 2007, and conducting a public meeting on February 28, 2008. This review process revealed that, while some progress had been made, there remained key areas where further work was required to increase institutional confidence in ICANN. Specifically, these areas included: long-term stability; accountability; responsiveness; continued private sector leadership; stakeholder participation; increased contract compliance; and, enhanced competition.

In anticipation of the September 30, 2009 expiration of the JPA, NTIA released an NOI on April 24, 2009 seeking comments regarding the progress of the transition of the technical coordination and management of the Internet DNS to the private sector, as well as the model of private sector leadership and bottom-up policy development which ICANN represents. The comment process for this docket closes on Monday, June 8, 2009.

The Department's commitment to preserving the security and stability of the Internet DNS and the public record developed as a result of this comment process will inform any decision made about the JPA's future. It is important to note however, that regardless of whether the JPA is terminated, modified, or extended, the Department, through NTIA, will continue to be an active participant in ICANN by representing the United States government in ICANN's Governmental Advisory Committee (GAC) and by filing comments, as appropriate, in ICANN's various public consultation processes. In addition, the Department's relationship with ICANN will continue, as ICANN currently performs the Internet Assigned Names Authority (IANA) functions under contract to the Department.

The Introduction of New Generic Top-Level Domain Names (gTLDs)

In addition to important institutional confidence issues associated with the JPA, the Department is actively engaged in discussions with stakeholders related to the introduction of new generic top-level domain names (gTLDs). The Department acknowledges that the introduction of new gTLDs has been a long standing goal of the JPA relationship and the subject of an ongoing public consultation process at ICANN. The Department, in coordination with an interagency group, has in fact filed public comments in this consultation asking if the threshold question, of whether the potential consumer benefits outweigh the potential costs as a result of this exercise, has been adequately addressed and determined, and recommending further study of the issues as called for by the ICANN Board. The Department also identified a series of initial items that need to be resolved prior to moving forward. These include issues related to:

maintaining the security and stability of the DNS; expanding the marketplace before effective and meaningful tools are in place to protect consumers and brand owners; clarifying the fee structure and the disposition of excess revenues given ICANN's status as a non-profit entity; and developing mechanisms to address dispute resolution recognizing the appropriate role of governments with respect to public policy issues.

ICANN has recognized the complexity associated with the introduction of new gTLDs and, as a part of its public consultation process, has initiated further work on a number of overarching issues. The Department believes it is critical to keep in mind the core principle, as articulated in the very first MOU, of the need to manage the Internet DNS in a manner that permits market mechanisms to support competition and consumer choice so that lower costs are realized, innovation is promoted, and user choice and satisfaction are enhanced.

Conclusion

Lastly, I would like to take this opportunity to update the Committee on our efforts to improve the security of the DNS. I am happy to report that NTIA and its root zone management partners – ICANN and VeriSign – recently reached agreement to move forward with an interim deployment of a security technology known as Domain Name System Security Extensions (or DNSSEC) at the root zone level. This action is an important step toward protecting the integrity of DNS data and mitigating attacks such as cache poisoning and other data modification threats.

Given the importance of the Internet as a global medium to support economic growth and innovation, continuing to preserve the security and stability of the Internet DNS will guide any decision that the Department of Commerce makes with respect to its future relationship with ICANN. NTIA looks forward to working with you, members of the Committee, and the Congress on this important issue as the September 30, 2009 JPA expiration date approaches.

Thank you again, Mr. Chairman for the opportunity to testify this morning.

I will be happy to answer your questions.