

ETNO Reflection Document on the Telecommunications Sector in MERCOSUR: market access restrictions on Triple-Play services



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Executive Summary

FTA negotiations, including the ongoing talks with MERCOSUR, use the "Reference Paper" annexed to the "WTO Telecommunications Agreement" as a basis. This covers important "standard" aspects of telecommunications and ETNO acknowledges that they are already well covered in the current texts. Crucial aspects which go beyond the "Reference Paper" aim at stimulating and protecting investments in this sector: elimination of foreign equity limits on telecom and audiovisual services; assuring the principle of National Treatment; and suppressing unduly restrictive market access conditions. On the latter it is necessary to take an updated and modern approach to market access in converged market segments. For example, in the two main markets of MERCOSUR - Argentina and Brazil - current restrictions prevent ETNO member companies from offering television services and thus, developing their full portfolio.

ETNO members welcome "*Trade, Growth and World Affairs*", the recent document outlining EU's new Trade Policy. We share the view that international trade and investments are essential for global growth and we acknowledge their clear and direct contribution to creating and sustaining long-term jobs in the EU and around the world.

The role of the ICT sector in economic growth and social welfare is something clear and has been highlighted by analysts worldwide, it has been defined as a key pillar of the EU's 2020 strategy and the specific Broad-Band Plan of Obama's Administration and it has also been incorporated to growth policies all around the globe. Through our innovation efforts and new service development, electronic communications companies are demonstrating the direct impact that telecoms services can have on people's welfare and quality of life.

Current FTA negotiations, including the ongoing talks with MERCOSUR, use the “Reference Paper” annexed to the “WTO Telecommunications Agreement” as a basis, because it summarizes the main principles that should conform any regulatory framework in this sector: prevention of anti-competitive practices, general rules for interconnection including the recourse to independent dispute settlement; publicly available licensing criteria; existence of an independent and impartial regulator; and objective, transparent and non-discriminatory allocation of scarce resources, including frequencies. **We all agree that these are important aspects and we acknowledge that they are already well covered in the current texts.**

In addition, there are other crucial aspects which go beyond the “Reference Paper” and aim at stimulating and protecting investments in this sector: elimination of foreign equity limits on telecom and audiovisual services; assuring the principle of National Treatment; fostering better regulation; and identifying and suppressing unduly restrictive market access conditions.

We would like to draw attention specifically to this last issue. Technology developments and changes in the value chain of the telecommunications sector make necessary to **take an updated and modern approach to market access** in converged market segments. “Convergence” is increasingly blurring the boundaries between traditional telecommunications, information society services and audiovisual services.

Today, telecom operators are trying to match the demand for bundled services and are becoming active in areas such as mobile TV, Internet TV or Video-On-Demand, developing “multiple-play” offers to respond to our client’s needs. But in the two main markets of MERCOSUR – Argentina and Brazil – **current restrictions prevent us from offering television services and thus, developing our full portfolio.** This unfavourable scenario is worsened because Cable TV operators are allowed to offer voice and access to internet, creating extremely unbalanced market access situations.

We believe that the re-launch of negotiations with MERCOSUR, stalled since 2004 – in a date when convergence was not yet envisioned by existing regulatory frameworks – is a good **opportunity to include this relevant issue as an offensive interest of the European industry in the negotiating agenda.**

We are expecting three outcomes from the trade agreement with MERCOSUR: an increasingly open trade regime, reasonable and

transparent rules of the game and, security for our investments. We firmly support the belief that a full liberalization scheme and the removal of any technical or economic barriers is the right path to foster economic growth and to achieve worldwide social welfare.

If free trade is important in sectors like agriculture or energy, for ICT sector is crucial in this particular moment when Next Generation Networks are about to be deployed. NGNs are going to be the principal engine for growth and the platform that will support other critical sectors and initiatives, such as e-healthcare, e-education or e-government. It is for this reason that we ask for a special attention to free trade of ICT goods and services. Political efforts should concentrate now on the ICT sector with the same strength than in past decades did on agriculture or industrial interests.