Position paper

ETNO Reflection Document on EU-Ecuador Trade Relations

January 2014

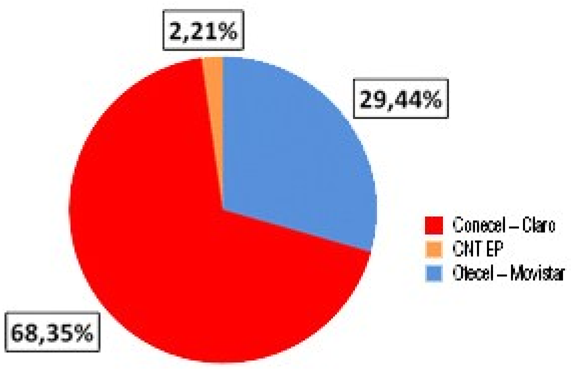
ETNO Position[1]

In June 2012, the EU signed an ambitious and comprehensive Trade Agreement with Colombia and Peru. These negotiations were part of a broader effort to enhance economic ties with the CAN (Andean Community of Nations); however, given certain disagreements within the CAN in late 2008, Ecuador and Bolivia decided not to continue the negotiations.

Recent developments have shown the interest of Ecuador on re-launching the talks with the EU. ETNO welcomes this news and supports the evolution and modernization of trade relations with Ecuador. If an agreement is reached, once fully implemented, a trade deal will open up markets on both sides as well as increase the stability and predictability of the trading environment, including the services sector.

The agreements that were signed with Colombia and Peru contain chapters on Telecommunication Services, which are excellent templates for what is, in principle, needed in relation to Ecuador. But the ICT sector in Ecuador has specific competitive challenges that might need slight modifications to the texts.

The mobile market in Ecuador is heavily dominated by América Móvil's Claro with 68,35% of the market, followed by Spanish owned Movistar 29,44% of share[2].



[1] Telekom Austria does not support this document
[2] Source: Supertel, Superintendencia de Telecomunicaciones.

Supertel, the Regulatory Body, has unsuccessfully tried to address this market failure in the past, although Claro was declared dominant back in 2010.

ETNO suggests reviewing the text of the trade agreement, in particular the article that establishes “Additional Obligations of Major Suppliers”, to demand it is applied in a technologically neutral way across all platforms, and that allows the regulator the setting of termination rates which foster, rather than hamper, foreign investments in the telecoms sector. In practical terms, this would mean to introduce a new bullet that shall explicitly mention the power of regulating asymmetric termination rates in case abuses of market power are identified.

We hope this initiative will bring new opportunities for the sector and ease the competitive dynamics of the mobile sector.