



Dear minister Mart Helme,

On 30 September 2020, the Ministry of Communications and Economic Affairs sent to us a letter indicating that amendments to Government of the Republic Regulation No. 140 of 22 June 2006 "Requirements for the Provision of Communications Services and Technical Requirements for Communications Networks" and Regulation No. 129 of 11 December 2015 "Statutes of the Government Security Committee" draft regulation (Draft Regulation) were open for comments.

The proposal to exclusion of vendors with headquarters outside of EU, NATO or OECD member state, such as China, from Estonia telecom market concerned and discriminated. We have raised our concerns related to fair and equitable treatment under relevant bilateral investment treaties and WTO related issues to the Ministry of Foreign Affairs if there is a ban based simply our headquarters location. No other EU member state have so far enacted this kind of regulation. It would be also important to consider if the proposal is a non-tariff trade barrier and align with the European commission since trade policy is EU's exclusive competence.

We are in particular concerned because this step would affect our ability to serve our existing customers in Estonia according to our standards. We note Telecom operators have made significant investments in Estonia which would now have to be written off. We acknowledge that in the Draft Regulation there is a transition period but this is simply not adequate to mitigate harm caused by forced network architecture re-design. As we discussed last year, these type of full swaps are very complicated and costly projects.

If the government is contemplating approving this Draft Regulation, we believe that a proper economic impact assessment should be made and this should also be shared with all related parties. We see an extensive gap between our estimates and government optimism that financial impact is non-significant. In the absence of any detailed quantified information on the costs of ripping out Huawei equipment in Estonia, we've asked a Finnish economist Petri Rouvinen to assess these costs. Based on this analysis, the negative economic impact will be counted in hundreds of millions of euros. We would like to share the key findings of his report with you.

Furthermore, we would like to proactively draw your attention to the time that the draft regulation is scheduled to enter into force, i.e. 1 November 2020. We consider this date to be unrealistic because we consider that good legislative practice has not been followed in the draft regulation and that there is a lack of necessary impact analyses in the light of which the Draft Regulation will be evaluated. We would like to meet you before the end of the coordination period to discuss these matters with you.

Please provide a suitable time for you to remain in the coordination deadline.

Yours sincerely

A handwritten signature in black ink, appearing to read "Liu Dawei", written over a horizontal line.

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