Since Mexico embarked on reform of its telecommunication and broadcast market in 2013, the results can be roundly summarised in a single phrase: price drop, revenue up. With the exception of the price index for pay TV, which has gone up 5%, the cost of roaming, and domestic and international phone calls has dropped steeply, with Mexicans now enjoying some of the lowest-cost mobile services in the OECD area.

The word spread, and the number of mobile broadband subscriptions skyrocketed. In its recent Telecommunication and Broadcasting Review of Mexico 2017, the OECD reported a 50 million increase in mobile broadband subscriptions between 2012 and 2016, which puts its growth rate at just under 390%. Average data use has similarly grown, by 91%, and between 2013 and 2016, 20 more million people gained access to the Internet, increasing the number of people making online transactions from two to 10 million between 2014 and 2016. This exuberance has translated into more revenue for telecommunication and broadcast players, who chalked up 16% growth between 2011 and 2016. Clearly, Mexican consumers are responding to better services and prices by buying smartphones, subscribing to bundled telecom services, and signing up for on-demand services like Netflix, Blim and Claro Video.
The initial results of the reform have therefore been good. Following 28 of the 31 recommendations the OECD made in its Review of Telecommunication Policy and Regulation in Mexico in 2012, the Mexican government empowered the Instituto Federal de Telecomunicaciones (IFT) as the telecommunications regulatory body, lifted restrictions on foreign direct investment in telecommunication and satellite communication services, successfully achieved digital switchover in 2016, and set about reinforcing its domestic telecommunication infrastructures.

Most crucially, however, Mexico has begun levelling a playing field long dominated in telecommunication services by América Móvil, who owns fixed operators Telmex and Telnor, and mobile operator Telcel. The initial round of regulatory actions included eliminating prices on long-distance calls, which brought welcome relief to consumers. Meanwhile, in broadcasting, a third national network started up in October 2016 with new regional players set to introduce more competition when they enter the market in 2018. On the other hand, market concentration in pay TV has increased, likely contributing to rising prices.

Other measures have aimed to create a more competitive market, and the results of these have been more mitigated. There has been slow progress on unbundling local loops that would allow rivals to use the incumbent’s “last mile” of their fixed line networks and have access to information about their infrastructure. The OECD’s latest review has therefore supported an IFT decision to speed things up: that América Móvil functionally separate incumbents Telmex and Telnor into two separate legal entities.
But there is also a carrot that goes with the stick. Up until now, Telmex has been prohibited from the pay TV and broadcasting market. The OECD has suggested that Telmex be given entry to this market once the separation has taken place. Not only could Telmex become a hefty competitor to Televisa, the player with by far the largest market shares in pay TV and broadcasting, but the incentive may also encourage Telmex to upgrade its fixed broadband infrastructure. Mexico’s average broadband speed is still below the OECD’s average and has among the lowest penetrations of fixed broadband.

A further major initiative is the Red Compartida, a wholesale shared mobile network, which aims at increasing digital inclusion and connecting Mexico’s rural areas. The spectrum for this network comes from the digital switchover, completed in 2016. As a public-private partnership with concession awarded to ALTÁN Redes in 2016, Red Compartida has begun to deploy its open access network. Its goal is to extend coverage to 92.2% of the Mexican population by 2024, particularly those in rural areas currently outside broadband reach. This is the first shared purely wholesale mobile network not only in Mexico, but the OECD area.

The 2017 review concludes that reforms have brought more competition, dynamic investment and consumer satisfaction to Mexico’s telecommunications. This needs to continue, but with a greater emphasis on inclusiveness. Mexico aims to expand access to rural and remote regions, and public institutions like schools and healthcare facilities. The advances made since the reform have already begun to yield economic benefits; by fostering more long-term national endeavours like Red Compartida and other initiatives such as Mexico Conectado, Mexico will see benefits of a more social nature: a highly connected citizenry that is better informed, more civically engaged and better served by digitalised public services.

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