Mexico’s telecommunication and broadcasting reform of 2013 illustrates how better policies can lead to better lives. Since then, this unprecedented structural reform has allowed the introduction of important changes to modernize the telecommunication and broadcasting sectors, challenging a highly concentrated status quo, and moving into a more competitive future. The results have been remarkable and demonstrate what can be achieved with evidence-based policymaking.

Progress since the Reform

Five years after the OECD Review of Telecommunication Policy and Regulation in Mexico (OECD, 2012), and four years after the reform in this area was initiated, substantial changes can be observed in the Mexican telecommunication and broadcasting markets.

The number of people with a mobile broadband subscription, for example, increased by 58% from Q4 2011 to Q2 2016, driven by increased competition in Mexico’s telecommunication services market. Despite this decline, and significant growth in revenues in the telecommunication and broadcasting sectors have been observed, and foreign investors have entered the telecommunication and satellite markets. The number of spectrum for mobile services has increased, and is expected to increase further. Investment in telecommunication increased and the industry has recovered, with its cycle of investment increasing. Telecommunication, Mexico completed the digital switch over, and launched a national free-to-air television network, which began broadcasting in 2015. Still, competition challenges remain in this sector.

Measures implemented from the 2012 OECD Review

The 2012 OECD Review stressed the strengths and weaknesses of the telecommunication sector, and highlighted possible areas of reform. Since then, this sector has experienced substantial progress vis-à-vis the deficiencies identified, not only from a legal and regulatory perspective, but also in its response to technological market dynamics, which have, to an important extent, from the public policy, legal and regulatory transformations that have taken place in Mexico.

The 2012 Review included 31 recommendations, many of which were considered while defining the telecommunications reform. Overall, 28 of the 31 recommendations have been fully implemented, while a further three recommendations have been partially implemented in part or in progress.

Recommendations to build on the momentum of the reform

This report includes key recommendations related to competition, market conditions and national policies, all underpinned by the necessity to uphold sound legal and institutional frameworks.

To promote competition, following its 2017 predecessor review, Mexico strengthened most of the pre-existing measures aimed at the telecommunication sector. The Federal Telecommunications Institute imposed new remedies to the preponderant agent, including the exclusionary functional division between the fixed-service providers’ ‘Telema-Telcel’ wholesale and retail operations. These measures address the primary bottleneck in the development of both fixed and mobile communication services: they open networks to access services, which will spur competition in the telecommunications sector. The measures also open the door for regulatory reform for ‘Telmex-Telcel’ with its high market share in the provision of telecommunications in pay TV and broadcasting. The OECD recommendations focus on encouraging convergence to meet policy objectives, including the need for periodical revisions of sector definitions and the need to carefully assess and prevent-market concentration.

Through ongoing reforms, Mexico is providing first-time access to citizens and is improving existing telecommunication services to all its population. Importantly, Mexico has also been aiming to establish the necessary conditions to increase economic competitiveness and social well-being in the country. The OECD recommendations, therefore, strive to support efforts to improve market conditions, such as encouraging further investment, improving spectrum management, and reducing the special tax on telecommunication services.

The third set of recommendations is directed at the implementation of national policies to most effectively meet the targets of the reform. The OECD recommendations call for updating the National Digital Strategy in ways that harness the benefits brought by the development of the digital economy and society. In this regard, it is critical for Mexico to bring to successful fruition key national strategic objectives that aim to extend connectivity further, such as the Aratea National Programme, the National Broadband programme, and the Mexican Connect@ programme.

The final set of OECD recommendations says attributes among different authorities in formulating and implementing digital economy policies and regulation should be better aligned. Once the goals of the reform have been met, Mexico should consider providing more flexibility to the different institutions to effectively perform their mandate in light of technological change, and thus remove a number of detailed prescriptive provisions from the Constitution.

OECD Telecommunication and Broadcasting Review of Mexico 2017

Assess market developments in the telecommunication and broadcasting sectors since the OECD 2012 Review.

The new OECD Telecommunication and Broadcasting Review of Mexico 2017:

Progress since the Reform

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