

# Ministerial Programme

Tuesday 25 February, 2014

**Session 1:** The roles of government and industry in delivering affordable mobile broadband

**Keynote:** Towards ubiquitous mobile broadband in Mexico

Commissioner Fernando Borjón

Good morning ladies and gentlemen, it is a great **honor** to be here and share with you the most important telecommunications reform in the history of Mexico.

Mexico is a country formed by more than **115 million people**, is a stable economy and is pursuing to increase its economic growth.

During 2013, Mexico **adopted structural reforms** in multiple fundamental areas; some of them are focused on increasing investments and **unleashing the economic potential** of Mexico through the **elimination of barriers**.

The Reform of Telecommunications is a **fundamental part** of these structural reforms.

The government and all the political actors in Mexico have **acknowledged the existence of a competition problem** that has limited the growth of the telecommunications sector.

Under this diagnosis, the Reform of Telecommunications has been established at the **highest legal level, the Constitution**, to grant the necessary strength for these changes to happen.

This reform created an **independent regulator**, the Federal Telecommunications Institute, the IFT, that is an autonomous constitutional organism with **full power to regulate** telecommunications and broadcasting, including **all related competition issues**.

One of the most important actions that the Institute is currently **undertaking** is to determine the **preponderant economical agents** in the telecommunications and broadcasting sectors. This concept was established in the Constitution as a **fast track mechanism to impose asymmetric regulation**, aiming at leveling the playing field.

According to the Constitution, **asymmetric regulation** could include measures related to information, supply and **quality of services**, **exclusive agreements**, and restrictions on the use of terminal equipment between networks, **infrastructure** and tariffs.

Asymmetric regulation will remain in force **until competition conditions prevail** in the telecommunications market as established by the **independent regulator**.

The Institute has also to take actions to **effectively unbundle the local loop** of the preponderant agent in telecommunications. These measures could include tariffs regulation as well as technical and quality standards, among others.

Another issue that is fundamental to assure competition in these sectors is to **grant access to free over-the-air television content**. This measure has been defined as **Must Offer** and is a **guarantee that broadcasters will allow free access to their contents** when those are being retransmitted in their **coverage area**.

As a concurrent measure for Must Offer, **Must Carry** has also been established as an obligation for **pay-tv services** to retransmit this signal **without charge to their users**.

It is worth saying that free access to TV content **can only be granted to those economic agents** who have not been identified as preponderant or with dominance in any market, and that this sort of measure **will remain until effective competition prevails**.

Another action established in the Reform of Telecommunications to **foster competition**, is the **auction of two digital television networks**. This measure, together with the Must Carry obligation and the **growth of broadband**, increases the alternatives to **guarantee that content will reach the public by multiple means**.

It is worth to observe that this **new TV networks** are planned within the framework of a **Spectrum Management Policy**, focused on obtaining a **second digital dividend** in the future, whilst **achieving efficient use of this valuable asset**.

Nevertheless, in this moment **Mexico is in a privileged position** to obtain the **first digital dividend in the 700 MHz band**, even before the completion of **digital switch over**.

For this reason, the Reform of Telecommunications established the **deployment of a wholesale network in the 700 MHz band**, as one of the most important projects to be implemented by the **Ministry of Communications and Transports**. This project has the objective to **achieve effective public access to broadband and telecommunications services**.

**The deployment of the wholesale network** should begin by the end of this year and **should be operating by 2018**. This network will use **90 MHz of the 700 MHz band following the APT plan and will probably be based on LTE**. This network will also use the resources of the **fibre optic backbone network** that has already been deployed by the government, as well as other **government facilities** that are helpful for the implementation of the project.

Let me **emphasize** that, whilst the wholesale network may include **public-private investments**, the Reform has **eliminated this barrier allowing for foreign investments to go up to 100%**.

The **wholesale network services** will be provided to operators and **retailers of telecommunications** networks, under non-discriminatory conditions and competitive prices. In this model, the operators that use the network **will have to offer themselves the same conditions obtained from the wholesale network, to other operators**.

The Reform of Telecommunication has also established the need to define a Digital Inclusion Policy, which considers **government goals of expanding the coverage of broadband to at least 70% of households and 85% of small and medium industry**.

On this subject, the role of the **Federal Telecommunications Institute** is to **guarantee that competition is fostered** by the deployment of the wholesale network, therefore **competitive neutrality** will be **our guiding principle** to establish the required regulatory measures for this network.

Ann (Bouverot) has just talked about the issue of available frequencies to increase competition and the price of spectrum. Let me tell you that we are analyzing the available spectrum with frequencies such as 1.7-2.1 GHz and the 2.6 GHz band, among others.

On the matter of price, the Reform of Telecommunications has established that the Regulator is responsible of establishing the spectrum price taking into account the non-binding opinion of the Executive Power.

The Reform has also established that spectrum is granted through public auctions that assure the lowest prices to the final user. It was also determined that the price of spectrum cannot be the only factor to determine the auction's winner.

All of these actions represent a **historic opportunity** to achieve an accelerated growth in telecommunication services through the use of **advanced technologies and regulatory policies**. At the same time we must encourage that this **growth is granted**, not only in major cities but also all over the country, through **certainty for long term investment**.

The Reform of Telecommunication is focused on **increasing competition**, resulting on **better services that function as enablers** for Mexico's economic growth. This way, the **Constitutional mandate of granting access to ICTs**, broadband services and Internet to the public **will be fulfilled** whilst **ubiquitous mobile access is in route for the future**.

Thank you