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Proposals for Third Television Network Resurface, but Timetable Remains Unclear

by Carlos Navarro

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Mexico could authorize the creation of a third television network sometime in the near future, possibly within the next two years, although some members of the telecommunications commission (Comisión Federal de Telecomunicaciones, COFETEL) caution that more technical studies are necessary to make the final determination. Proponents of a third network argue that a new outlet would bring more democracy to the television-broadcast airwaves, which are currently dominated by the Televisa and TV Azteca networks. But creating a third network from scratch seems like the most remote of the options at this point, with one of the informal proposals before regulators to grant a proposal from giant telecommunications company TELMEX, owned by billionaire Carlos Slim, to offer limited television-broadcast services.

The proposal to create a third network in Mexico was part of the telecommunications debate leading to the passage of the existing broadcast law (Ley Federal de Radio y Televisión, LEFERTY) in 2006. The law ultimately ceded control of the television-broadcast airwaves to Televisa and TV Azteca ([SourceMex, April 5, 2006](#)), in contrast with public demands for a more democratic allocation of the airwaves ([SourceMex, Oct. 13, 2004](#)) and ([May 25, 2005](#)).

In 2007, Mexico's high court invalidated several provisions of the LEFERTY, opening the doors for the Congress to make changes to ensure that the broadcast law complies with the Mexican Constitution ([SourceMex, May 16, 2007](#)). One of the SCJN's most important decisions was to reject a provision in the LEFERTY that would have granted current concessions holders almost exclusive rights to digital broadcasts. The government is in the process of converting the old analog system to a digital spectrum ([SourceMex, June 20, 2007](#)).

COFETEL has opened the possibility that a third network could happen soon. But the agency has been vague about details, and no plans have been announced on how concessions would be handled to ensure that any suitors would open opportunities to provide a greater public voice in the broadcast industry. In a recent interview, COFETEL president Mony de Swaan suggested that the parameters to open applications for a third and maybe a fourth network could be ready by the end of 2011 or perhaps sometime in the first half of 2012. He raised the possibility that the parties that won the concessions could begin operations by the end of 2012.

But another COFETEL commissioner, Gonzalo Martínez Pous, said the timetable proposed by de Swaan was a little overoptimistic because there is not even a plan in place to handle concessions. "We cannot talk about opening bids for a process that we have never conducted in our country," said Martínez Pous. "We need sophisticated analyses, including a technical study to determine which frequencies are free and which frequencies will not cause interference. We also need a marketing study to determine if conditions exist to create new channels or networks."

Martínez Pous also cited the need for an extensive consultation process allowing the broadest range of opinions. Furthermore, he said, a mechanism must be created to ease all new participants

into the television-broadcast industry in an orderly manner and under the best conditions of fair competition. "That is not something that we can resolve overnight," said Martínez Pous.

TELMEX may seek own network

Amid the debate on whether a new network is viable, the discussion of allowing TELMEX to provide limited broadcast services has resurfaced. TELMEX has long expressed a desire to expand into the television-broadcasting business but has not yet received permission from telecommunications authorities ([SourceMex, Aug. 16, 2006](#)). Slim has accused Televisa and TV Azteca of blocking TELMEX's efforts to offer video services to customers. Conversely, the Televisa and TV Azteca have been able to provide telephone and Internet operations, often bundling those services with television in what is commonly known as "triple play."

The bad blood between Slim and the two television giants has emerged on other fronts. In January, Televisa filed a complaint with COFETEL asking the regulator to investigate an agreement by TELMEX to perform billing and marketing operations for satellite television company Dish Mexico, which was established as a direct competitor to Televisa's Sky Mexico.

In mid-February, Slim announced he was withdrawing all advertising from Televisa because of its decision to raise advertising fees by 20%. The decision included TELMEX, as well as cell company Telcel and all units of Grupo Carso, which operates the restaurant/retailer Sanborns. This was a risky move for Slim, since Televisa owns four of Mexico's six major networks.

Just a week after making the Televisa decision, Slim lost his other television advertising medium. TV Azteca, which owns the two other major networks, announced it late February that it would refuse to sell any advertising to Slim's companies because of a disagreement about access fees. The dispute stems from an increase in interconnection fees charged by América Móvil, Slim's mobile phone company, to TV Azteca's cell phone subsidiary Grupo Iusacell.

Some regulators see a silver lining in the disputes. Eduardo Pérez Motta, president of the government's anti-trust commission (Comisión Federal de Competencia, CFC), said this is an opportunity for the Secretaría de Comunicaciones y Transportes (SCT) and Congress to make some changes to existing policy to expand competition in the television-broadcasting industry. For example, he suggested that TELMEX be allowed to offer limited pay service and that a new open network be established. The existence of other outlets would have the benefit of reducing advertising costs, he said.

Some market observers, such as Casa de Bolsa Banamex, suggested that TELMEX is strong enough financially to survive the loss of the television medium to place advertisements. But the Banamex analysis said the situation could prompt Slim to make a stronger push to get his own network.

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