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Federal Telecommunications Commission Moves Forward with Plan to Create New Television Networks in Mexico

by *Carlos Navarro*

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After years of speculation and wishful thinking, Mexico has taken a decisive step to allow the creation of additional television networks. In early June, the Comisión Federal de Telecomunicaciones (COFETEL) announced guidelines to auction off television frequencies. The communications regulator did not give a specific timetable to open up the process, but an industry source said the auction could begin in six months to a year.

The creation of a third and fourth network to challenge the dominance of Grupo Televisa and Grupo Azteca had long been the subject of speculation. The two media giants control about 95% of the content in Mexican television and have staunchly resisted efforts to create competition ([SourceMex, Jan. 10, 2007](#)). A concrete proposal to develop a third network surfaced in 2011, but the plan was short on specifics ([SourceMex, March 2, 2011](#)).

Facing pressure from civil society and opposition parties that have long denounced the corporate media, COFETEL finally decided to take a more serious look at the proposals to expand the television broadcast market. Earlier this year, COFETEL president Mony de Swaan proposed opening new television frequencies. But at that time, commissioners deferred any decision, citing the need to acquire more information.

In May of this year, the commission finally released a more complete plan, which it said was aimed at promoting content diversity, boosting competition, and giving viewers information and entertainment alternatives. A draft proposal of the plan indicates that COFETEL might auction off frequencies for two networks that would cover 153 communities. This would expand coverage to about 93% of the population, said Milenio.com.

Auction might not start for at least six months

Even with the decision to move forward, the process probably will not begin for some time. An industry source estimated that it could be another six months to a year before the actual auction takes place.

An important development is that the broadcast industry, with the support of broadcast giants Televisa and TV Azteca, has endorsed the proposal. "We propose that President [Felipe] Calderón support the tender of a third national channel of broadcast television, which surely would provide fresh air for our public life and would allow the opening of greater means of freedom of expression for citizens," said Alejandro Puente, president of the Cámara Nacional de la Industria de Telecomunicaciones por Cable (CANITEC).

But some supporters of the television-opening process are urging COFETEL to take advantage of the opportunity to democratize the air waves. A study by the Centro de Investigación y Docencia Económicas (CIDE) pointed out that Mexico is in a good position "to use digital television to expand the plurality of information and content and to develop a more efficient market for publicity."

Among the tasks that need to be done, COFETEL must coordinate with the anti-monopoly agency, the Comisión Federal de Competencia (COFECO), to establish the final terms of the auction plan.

Could Carlos Slim and TELMEX enter the bidding?

There is concern that creating a third or fourth network might simply add another corporate entity to the mix. Grupo TELMEX owner Carlos Slim has long coveted a share of Mexico's television market, but his efforts to enter the broadcast industry have been rebuffed. Slim has complained that Televisa and Azteca have been able to offer a "triple-play" package to consumers, which includes telephone, television, and Internet, while he can only provide telephone and Internet ([SourceMex, March 2, 2011](#), and [Aug. 31, 2011](#)).

COFECO recently made a landmark decision that perhaps paves the way for Slim and others to bid in the auction of digital broadcast frequencies. In mid-June, the anti-monopoly company approved a compromise plan for Televisa to acquire a 50% share of cellular telephone company Iusacell, owned by Grupo Azteca's Ricardo Salinas Pliego.

Under terms of the antitrust settlement, the partnership can be dissolved if the government fails to auction airwaves for a third broadcast TV network in the next 24 months. COFECO says that clause removes the incentive for Televisa and Azteca to slow the auction process with legal challenges.

The settlement ends Grupo Televisa's 14-month fight to challenge Slim's dominance in the cellular telephone market, of which TELMEX subsidiary América Móvil owns a 70% share, compared with 6% for Iusacell.

The move to reach an agreement with the two giant networks was probably not difficult, since Televisa chairman Emilio Azcárraga Jean had already indicated in an opinion column in March of this year that his company would not oppose the creation of one or more networks in Mexico.

But the agreement by Televisa and TV Azteca to not place legal obstacles in the auction of the new frequencies creates an opening for Slim to enter the bidding for the creation of a new network.

Still, COFETEL has hinted that a new frequency will not necessarily go to Slim. "In accordance with the criteria established by the Mexican Supreme Court, economics will not be the dominant factor in determining a winner," said the commission, which anticipates that varied interests will combine their efforts into a single proposal.

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