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Calderón Administration in Nasty Dispute with Media Company in Effort to Recover Broadband-Spectrum Concessions

by Carlos Navarro

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A nasty dispute between President Felipe Calderón's administration and media giant MVS Comunicaciones regarding the allocation of radio spectrum has reopened a recent controversy dealing with freedom of speech and the dismissal and rehiring of a popular radio journalist.

The latest chapter of the controversy occurred in early August, when the Secretaría de Comunicaciones y Transportes (SCT) announced a decision to recover existing concessions in the 2.5-gigahertz (GHz) broadband spectrum. The decision affected 10 companies, but the most prominent target was the integrated media company MVS Comunicaciones, which offers radio, broadcast television, and cable TV. MVS owns dozens of radio stations and pay-TV channels and holds 42 of the 68 concessions in the 2.5 GHz band.

Communications and Transportation Secretary Dionisio Pérez-Jácome said the move was justified because the 2.5 GHz bandwidth was being underused and the spectrum was needed to help the government meet its goal to expand fourth-generation (4G) mobile broadband service by bringing in more participants. Demand for space on the spectrum is increasing as the popularity of 4G devices like Android and I-Phone continues to grow. These devices can receive data at speeds that are much faster than most current wired Internet connections.

"What we want is to provide Mexico greater competitiveness" and to make better use of spectrum for offering more broadband services, he added.

MVS had sought to retain the concessions but offered the government no more than 11.16 billion pesos (US\$846 million). The SCT rejected that offer as inadequate and began the recovery process in early August.

Controversy over firing of popular journalist resurfaces

It was then that the controversy involving journalist Carmen Aristegui resurfaced. In a press conference, Joaquín Vargas, president of the MVS administrative council, said the SCT decision was solely a retaliatory move by the Calderón administration against MVS for its decision to rehire Aristegui. MVS had dismissed Aristegui in February 2011 after she made some controversial comments as anchor of the MVS Noticias show demanding that President Calderón answer unsubstantiated rumors that he had a drinking problem. Aristegui was removed after the comments, even though she was simply recapping a published report. At the time of her dismissal, some reports surfaced that the Calderón government forced MVS to fire the award-winning journalist, but the administration denied the allegations.

Aristegui's dismissal was followed by public protests and charges that MVS and the government were suppressing freedom of expression. This prompted the media company to eventually reinstate the popular journalist ([SourceMex, March 9, 2011](#)).

Vargas said the decision to rehire Aristegui more than a year ago prompted the Calderón administration to retaliate against MVS. The MVS official went on to present proof in the form of e-mails and other communication with presidential spokeswoman Alejandra Sota and ex-Labor Secretary Javier Solano, which offered to maintain his concession to the 2.5 GHz spectrum in exchange for a written apology by Aristegui.

As part of the evidence, Vargas showed what he said was communication from Sota that spells out the content of an apology letter Aristegui would need to sign in relation to the comments she made about Calderón's rumored drinking problem.

But Sota insists that there was no letter from the administration demanding Aristegui's resignation and that Vargas altered a communication from her to suit his needs. "The final version was edited and turned over to the journalist by MVS," said the presidential spokeswoman.

"Neither the Office of the Media and Communications Coordinator that I head nor the Communications and Transportation Secretariat directly or indirectly requested the dismissal of the Noticias MVS anchor and that is apparent in all the communications" that the company's CEO Joaquin Vargas disclosed Wednesday, Sota said.

Sota said that the current dispute with MVS has nothing to do with freedom of expression but "solely and exclusively with MVS not wanting to pay Mexicans what the band costs: 27 billion pesos (US\$2 billion)."

"The allegations put forward by the president of MVS are unsubstantiated and aimed at contaminating a technical decision in the telecom area linked to the 2.5-gigahertz bandwidth, which, apart from the political arguments, has to do only with MVS's desire not to pay Mexicans for the true cost of the bandwidth," Sota told reporters.

Vargas, who vowed to challenge the administration's decision in court, disputed Sota's response. "The administration's insistence that it did not participate in the effort to oust Carmen Aristegui from MVS is false, as is its assertion that its politics does not mix with telecommunications policy," said the media mogul.

"The dueling news conferences were the culmination of more than a week of escalating and increasingly bitter charges traded among some of Mexico's most powerful people in the closing months of Calderón's six-year term," said the Associated Press. "It's been a remarkably public display of enmity inside the upper ranks of the country's economic and political elite, which often prefers to make important decisions behind closed doors."

Syndicated columnist Sergio Sarmiento said the truth about who wrote the text of the e-mails and the format for Aristegui's resignation letter might never be known. "There is no way of knowing with the information that we have in hand who actually wrote this text," said Sarmiento. "There is also no proof that government officials had conditioned the renewal of the permit for 2.5 GH band on an apology by Aristegui or that [Vargas] had used the apology or the dismissal of Aristegui as a bargaining chip to seek a renewal of the concession."

But Aristegui disputes the notion that the government was not involved. "Eighteen months after the fact, history repeats itself," the journalist said in a column carried by Agencia de Noticias Reforma. "While it is quite clear that the Mexican presidency was involved in this shameful chapter of history, it is also certain that several new revelations emerged that have shaken those of us who

have formed and continue to form part of the Noticias MVS team," said the radio journalist, who also maintains a news blog called Aristegui Noticias.

"It was difficult to learn firsthand, from the conversations of Joaquín Vargas, that political and business powers can engage in these types of negotiations and arrangements, where journalists end up as bargaining chips," added Aristegui.

Is the government overvaluing the spectrum?

Beyond the controversy about Aristegui, there is a question whether the federal government purposely overpriced the spectrum in order to have a legitimate reason to drive out MVS and Vargas. "According to Communications Secretary Pérez Jácome, the biggest obstacle has always been the price," said Sarmiento. "MVS has not wanted to accept more than a fraction of the value set by the market."

But the Mexico City daily newspaper Reforma suggests that the Secretaría de Hacienda y Crédito Público (SHCP), which established the value for the spectrum, might have set a higher price than what has been the norm in Latin America. The price of US\$0.105 per megahertz (MHz) per inhabitant of the country compares with US\$0.0068 per MHz in Peru and US\$0.0188 per MHz in Colombia.

The issue attracted the attention of the Mexican Congress, with the standing committee (Comisión Permanente), comprising members of both chambers, asking the executive branch to submit an urgent report explaining the reasons for the spectrum recovery.

The decision to recover the spectrum has "generated multiple interpretations and great uncertainty about the underlying reasons for taking this step, especially when there are just a few months remaining in the current administration," said Deputy José Luis Jaime Correa, a member of the center-left Partido de la Revolución Democrática (PRD). Others who joined in pushing for the resolution are fellow PRD Deputies Mary Telma Guajardo and Víctor Manuel Castro.

Open-media advocates see the involvement of Congress as a significant first step in this case, but they are also pushing the legislative branch to enact comprehensive reforms to ensure transparency in the allocation of media spectrum.

"It's time that telecommunications work for everyone and not just as a business resource or political tool for a few," the Asociación Mexicana de Derecho a la Información (AMEDI) said in a statement.

There were also some questions about the timing of the Calderón government's move to recover the spectrum, including speculation that the administration might have made an arrangement with the team of President-elect Enrique Peña Nieto. "The move to reorganize the spectrum near the end of the president's term in office generates legitimate suspicions," said respected political analyst Denise Dresser. "It could have been left for the next administration."

Still, many observers believe that the federal government should continue to play a central role in decisions regarding media spectrum because of its ability to distribute them in an orderly and controlled manner. "Otherwise, any individual would be able to appropriate the spectrum, creating interference and chaos for any others who want to use the broadband under their control to transmit their data," columnist Leo Zuckermann wrote in the Mexico City daily newspaper Excelsior. "This, in turn, would result in a deficiency of services, which would reduce their economic value." [Peso-

dollar conversions in this article are based on the Interbank rate in effect on Aug. 28, 2012, reported at 13.18 pesos per US\$1.00.]

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