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Telecommunications Regulator Announces Auction of Television Frequencies

by Carlos Navarro

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When President Enrique Peña Nieto and the Congress proposed comprehensive changes to the telecommunications sector in 2013, they promised to enact a law that would bring greater democracy to the broadcast media. The telecommunications law approved in March 2013 (SourceMex, March 27, 2013, and June 12, 2013) included the creation of an independent agency, the Instituto Federal de Telecomunicaciones (IFETEL), which was established to push for a more democratic broadcast sector.

The IFETEL, which replaced the largely ineffective Comisión Federal de Telecomunicaciones (COFETEL), is taking its constitutionally mandated mission seriously, and this was reflected in the institute’s first major action. In early January, the agency announced the auction for 246 digital television frequencies around the country and in the process indicated that the two existing networks would not be eligible to participate.

Televisa, TV Azteca excluded from process

"The market currently has a high level of concentration, since Grupo Televisa (GTV) and Televisión Azteca (TVA) together control directly or indirectly 95% of the concessions, 96% of the audience, and 99% of the publicity earnings via open commercial television," IFETEL said in an announcement published in the daily federal register (Diario Oficial de la Federación) on Jan. 2.

IFETEL said the vertical-integration systems that GTV and TVA have created also represent a significant barrier for entry of others into the television broadcast industry. The two networks control a variety of activities, including production, programming, transmission, and marketing of contents.

The telecommunications institute said the new concessions, to be offered in 2014, could be grouped to form at least two national television networks. "The auction of concessions for the formation of two new open television chains represents an opportunity to promote a structural change that favors economic efficiency, competitive access to publicity services, and an expansion of viewing options for the public," said IFETEL.

Even with the approval of the telecommunications law in 2013, the Mexican Congress has yet to create secondary laws to implement several provisions. These laws will probably be approved sometime in 2014.

Still, some analysts believe that IFETEL has made the right moves despite the lack of legal muscle. "The message that the institute is giving is positive," Irene Levy, president of the media watch group Observatel, wrote in a guest column in the Mexico City daily newspaper El Universal.

Levy, who is also a professor at the Universidad Iberoamericana, said some important matters are still to be decided, including some changes that would allow the telephone giant TELMEX to participate in the broadcast media. TELMEX owner billionaire Carlos Slim Helu has long sought to
enter the broadcast television industry, but anti-trust laws and resistance from Televisa and Grupo Azteca have prevented his companies from participating (SourceMex, March 2, 2011, and May 8, 2013).

"TELMEX would have to have its concession modified before the auction actually takes place," said Levy. "To do so, the company would have to comply with certain anti-trust laws that IFETEL has yet to define."

This means that the only way that Slim’s companies could enter the broadcast industry would be through joint participation with several other parties.

The IFETEL auction schedule announced on Jan. 2 modifies an earlier plan released by COFETEL, which had identified 306 channels in 153 locations. The decree in the Diario Oficial de la Federación said IFETEL decided to avoid duplications by eliminating 68 channels in areas where coverage was already present. At the same time, IFETEL added eight channels to locations where coverage is deficient. Those locations had been left out of the original COFETEL plan.

The new channels are proposed for major metropolitan areas including Mexico City, Guadalajara, Monterrey, and Puebla, as well as several sites that are important to tourism, including Cancún, Mérida, Tulum, Cozumel, Ixtapa, and Puerto Vallarta.

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