

Evolution of the Mobile Market in Honduras and regulatory strategies for the development of 5G

Present by: Joel Escoto Ortega

Comisión Nacional de Telecomunicaciones (CONATEL)

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Indicators of the mobile market in Honduras

- Honduras has more than 82% of penetration of mobile services.
- 36% of the population are users of internet.
- The population of Honduras is 9.1 millions.
- They are 3 mobile operators 2 of them with national coverage.
- 4G cover 67.5% of the population

4G real coverage



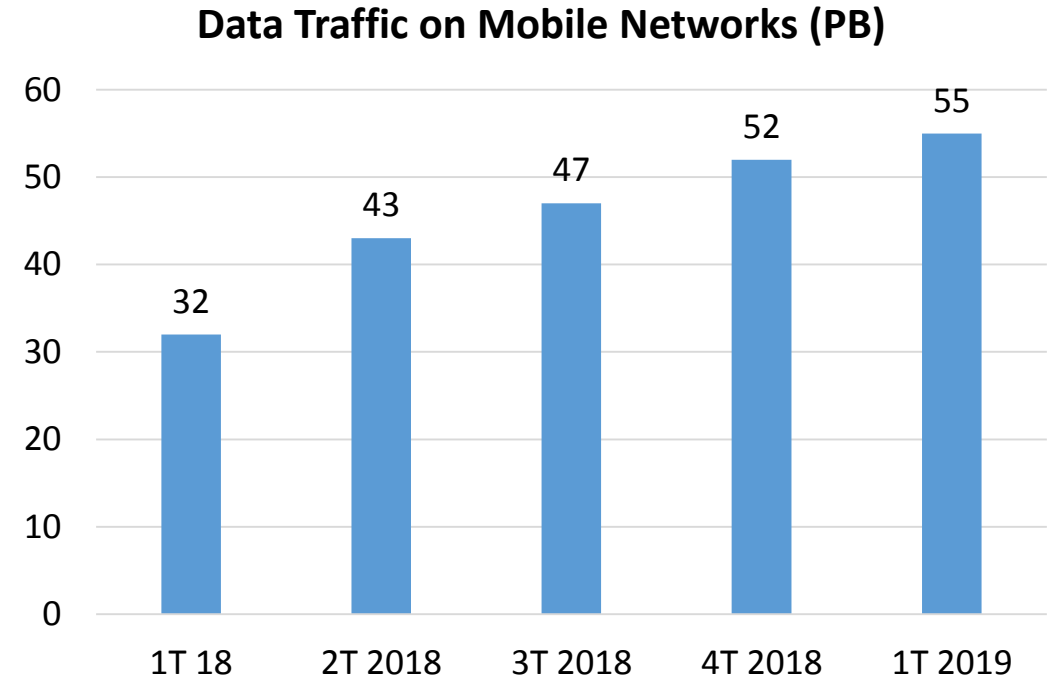
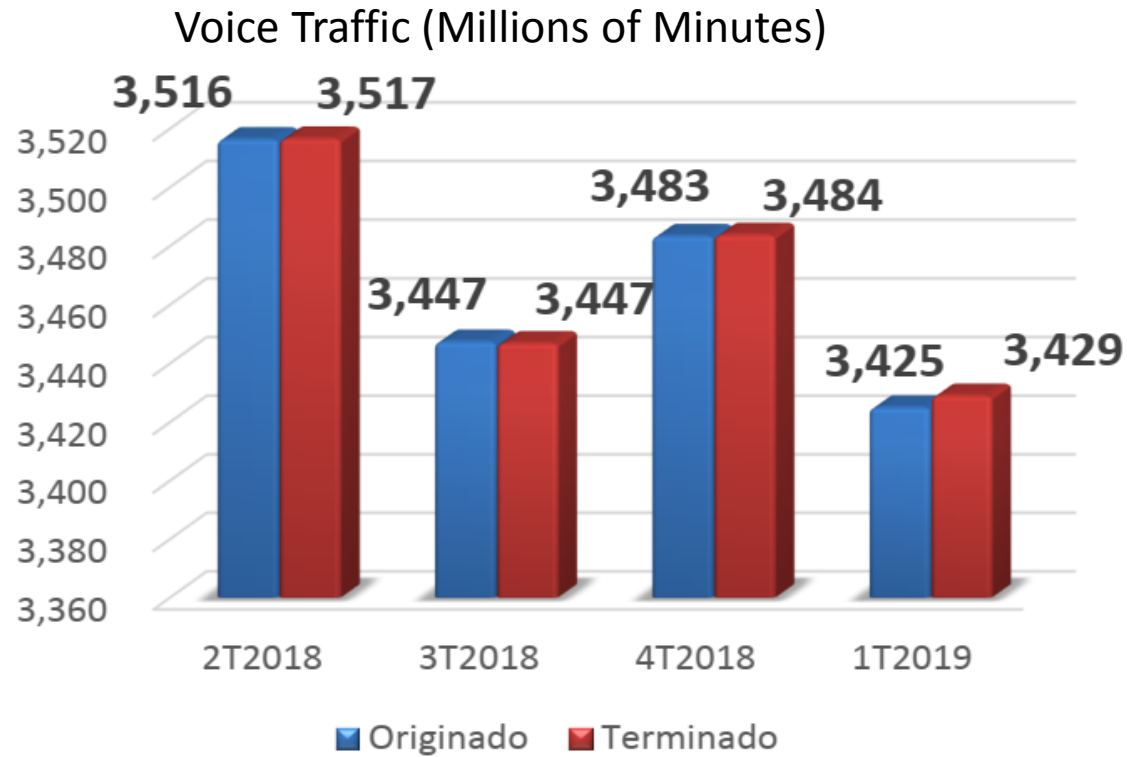
Users per mobile technology in Honduras

| Technology | Jun 2018 | Jun 2019 |
|------------|----------|----------|
| 2G Users | 44.9% | 41.2% |
| 3G Users | 36.0% | 30.4% |
| 4G Users | 19.1% | 28.4% |

| Price | 2017 | 2018 |
|----------------------------------|---------|---------|
| Average Price per GB of Download | \$ 2.88 | \$ 2.06 |

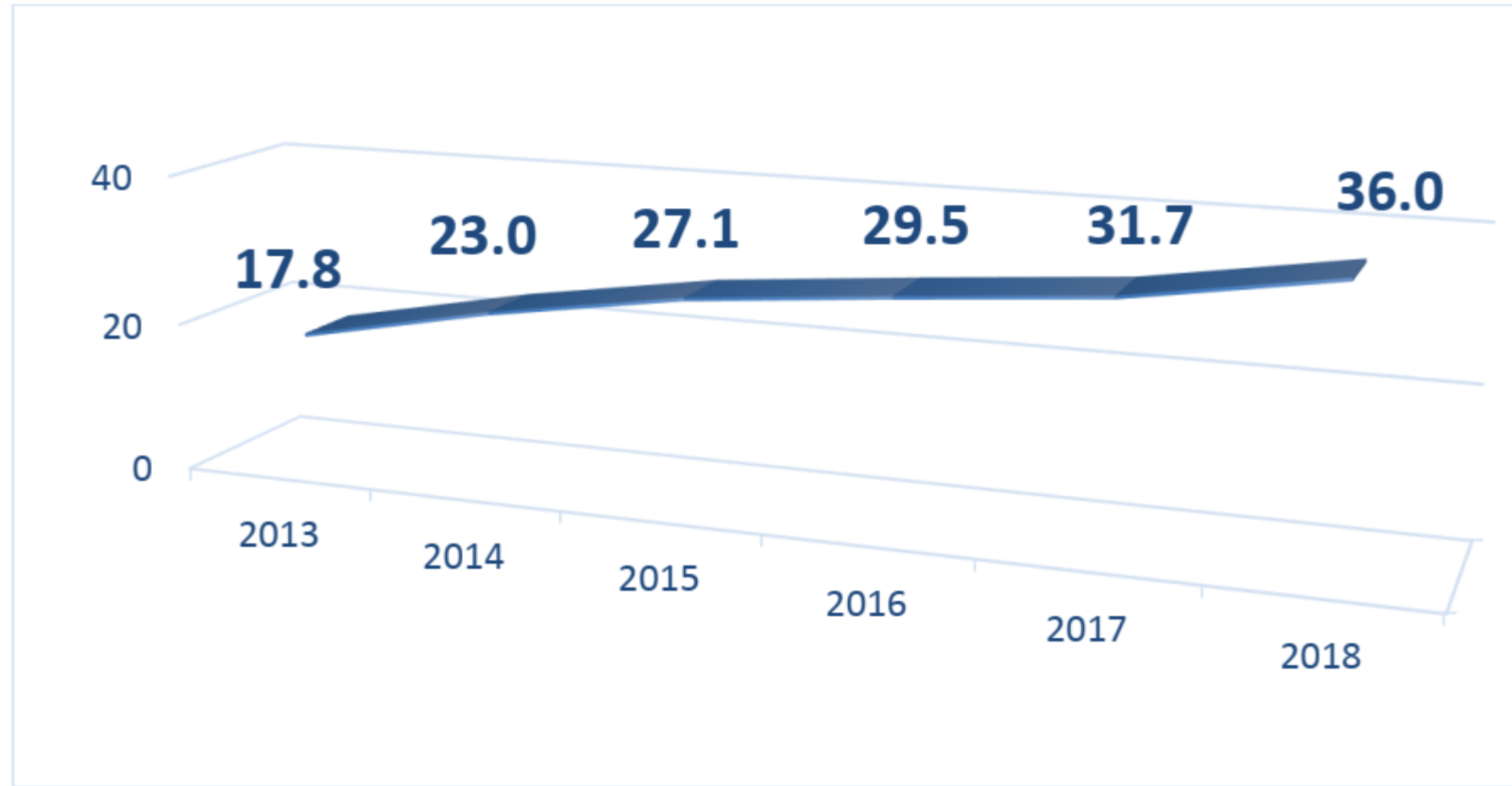
Source: CONATEL, Jun 2019

Evolution of Mobile Services

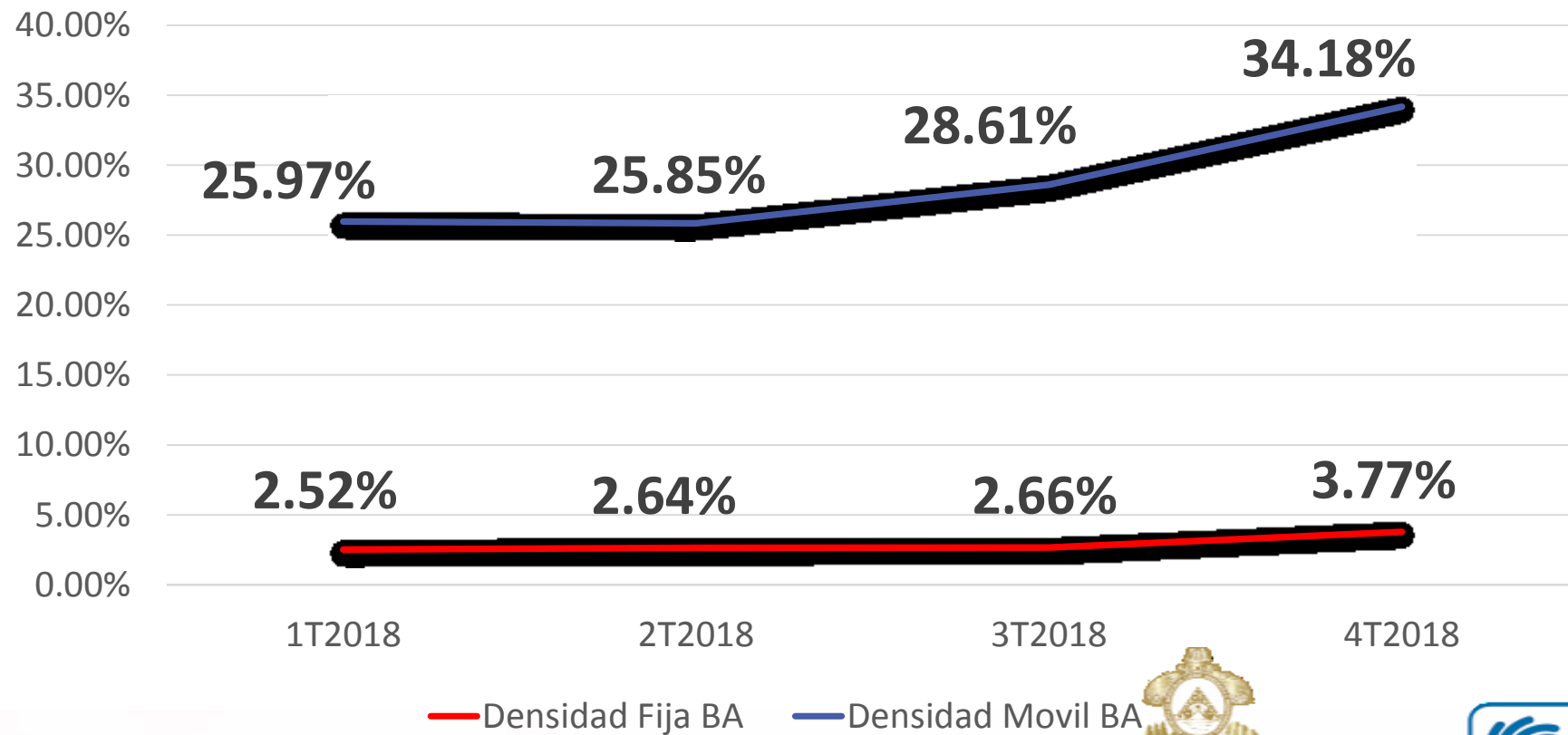


| Revenue | 2016 | 2017 | 2018 |
|-----------------------|-------|-------|-------|
| Voice Revenue | 53.5% | 49.0% | 47.6% |
| Data Revenue + others | 46.5% | 51.0% | 52.4% |

Internet Users per 100 inhabitants

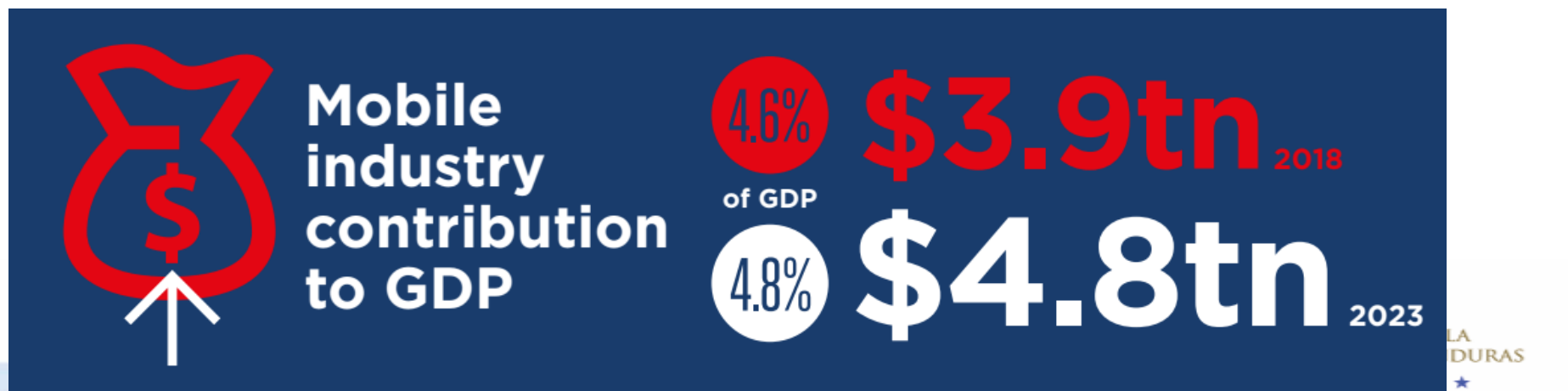


Mobile and Fix Broadband



GDP and telecommunication industry in Honduras

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Telecommunication Sector Revenue | \$837,929,078 | \$926,342,463 | \$896,318,197 | \$883,776,657 | \$904,060,770 | \$976,426,029 |
| Telecommunication Sector as a GDP percent | 4.56% | 4.63% | 4.33% | 4.14% | 3.96% | 4.10% |



Source: GSMA Mobile Economy 2019

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Value Chain of 5G

- **Supplies:** Among the most important inputs to provide 5G services is the spectrum.
- **Infrastructure:** Physical components of the networks through which the services that allow 5G are supported, this includes towers, cables and optical fiber, among others.
- **ITC Services:** 5G will allow the incursion of services such as Big Data, M2M, B2B, communications, IoT, which require high availability and low latency as autonomous vehicles, etc.
- **Interface:** Devices through which users can access the different services that Information and Communications Technologies can offer.

Regulatory strategies for the development of 5G

- 5G will need to implement a large amount of infrastructure (the size of the cells will shrink), this may causes conflicts between operators and local authorities; in Honduras since 2016, a single annual payment was established by telecommunications operators for city hall's infrastructure taxes, which is independent of the amount of infrastructure.
- Infrastructure sharing is another important element to facilitate the deployment of networks, in this sense CONATEL plans to modernize current regulations, also to establish additional sharing obligations (passive & active) when the operators granted new spectrum.



Regulatory strategies for the development of 5G

- The spectrum is essential to ensure the full potential of 5G, because of this an strategic planning of the spectrum in all bands (Low, Mid and High) is necessary for the diversity of services and solutions that 5G will offer.
- Regulators need coordinate efforts with operators and vendors of the future of IoT, for this reason regulators will identify the demand for spectrum needed to satisfice the needs of all use cases, regarding Licensed and Unlicensed spectrum bands.
- Promote the updating and simplification of regulatory framework, for the improvement of 5G deployment to guarantee the legal security of investments.

DIGITAL TRANSFORMATION

5G Will enable industry digitalization not only for ICT players, 5G has the potential to deliver unparalleled benefits to society and businesses.

Figure 6: 5G-enabled industry digitalization revenues for ICT players, 2026

 **Energy and utilities**

 **Manufacturing**

 **Public safety**

 **Healthcare**

 **Public transport**

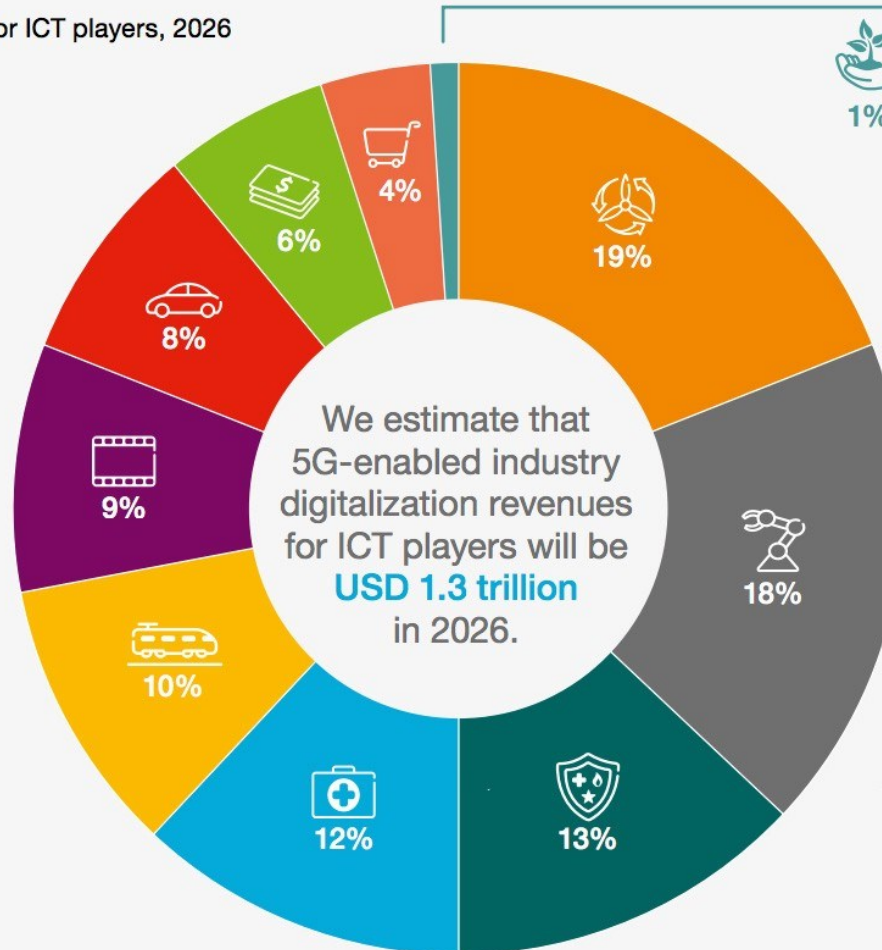
 **Media and entertainment**

 **Automotive**

 **Financial services**

 **Retail**

 **Agriculture**



Source: Ericsson and Arthur D. Little, The 5G Business Potential: Second Edition, October 2017



COUNTRY LEVEL STRATEGY

- Reduction of the digital gap (ITC National Plan)
- Flexibility in regulation (Services → Markets → ITC).
- Promote the creation of collaborative platforms.
- Encourage digitalization and innovation in all productive sectors.
- Promote the e-commerce and digital payments.
- Develop a inclusive strategy for the development of new companies (tax exoneration, equipment introduction).



References

- Mobile Economy GSMA, 2019.
- 5G Spectrum GSMA Public Policy Position, 2018
- 5G Business Potential, Ericsson 2018
- 5G Spectrum Vision, 5G Americas 02/2019
- Understanding 5G: Perspectives on future technological advancements in mobile, GSMA, 2014

Thanks to everybody



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