

Open Consultation on the "Developmental Aspects of the Internet"

Short Summary: The Federal Telecommunications Institute (IFT) is an autonomous body, which aims to the efficient development of telecommunications and broadcasting, it is thus, be responsible for regulating, promoting, and supervising the use, enjoyment and exploitation of the radio spectrum, the infrastructure, the networks and the provision of such services. Also, the Institute is the authority in terms of economic competition in the broadcasting and telecommunications sectors.

This contribution includes the IFT's vision regarding the developmental aspects of the Internet and the actions that the IFT has developed in order to promote and increase the telecommunications and broadcasting sectors, including the broadband and the Internet. The IFT considers that aspects of Internet development should focused mainly on those aspects related to a regulation that promotes economic competition by encouraging affordable prices, focusing on the reduction of gaps and for the benefit of users. Also, the IFT highlights that, in Mexico, the regulatory agenda continues to advance in order to reduce the digital divide in the country in constant collaboration with the different stakeholders in the telecommunications and broadcasting sectors, including the public and private sectors and civil society that contribute to the development of the internet ecosystem in the country.

The Federal Telecommunications Institute presents the following contribution for its consideration in the Open Consultation "Building an enabling environment for access to the Internet".

1. What are the developmental aspects of the Internet (for example, economic, social, regulatory and technical aspects), especially for developing countries?

The growth of the Internet is vital for the social, economic, cultural, educational and financial development of countries. A clear example of this is provided by the Broadband Commission for Sustainable Development, who, in its Statement *Ensuring that No One is Left Behind: Reaching the most vulnerable*, indicates that broadband promotes economic growth, as well as its prosperity and sustainability, and allows the creation of new jobs in new products and services, as well as improves agricultural productivity and energy efficiency. The Commission also states that broadband helps to reduce poverty by helping to face food, health and education needs. On the other hand, broadband allows monitoring climate change and planetary processes.

Due to the importance of the telecommunications, the connectivity and the Internet for the economic and social development of the countries, a constitutional reform in telecommunications was carried out in Mexico in 2013, which allowed the creation of the Federal Telecommunications Institute as an autonomous body whose objective is the efficient development of telecommunications and broadcasting.

This reform was of great importance for the sector in the country because it established that the telecommunications and broadcasting are public services of general interest, so the State shall guarantee the right of access to information and communication technologies, as well as telecommunications and broadcasting services, including broadband and the Internet.

The reform also allowed a structural change in the telecommunication and broadcasting sectors, which created an enabling environment for the establishment of a solid and reliable regulatory policy, in this way, the Federal Telecommunications Institute has carried out various activities in regulation and economic competition issues with the aim of reducing the digital divide, promote universal access and favor the end-user.

Among the activities that the IFT has developed in recent years (list attached) generally consist of making available to the market the natural resources of the State such as the radio spectrum, encourage the sharing and optimal use of passive infrastructure and establish the necessary regulatory measures to foster the competition and thereby stimulate the different economic agents to offer higher speeds and higher quality services at affordable prices. Having an authority that guarantees impartiality, transparency and execution of its mandates has generated greater certainty to the investment, for that reason the growth in the Foreign Investment has grown in the last years. As mentioned in ECLAC's Report on *Foreign Direct Investment in Latin America and the Caribbean*, in services, the telecommunications sector was the leader in Mexico in 2015, capturing 9% of FDI, which is equivalent to 2,725 million US dollars.

In terms of the above, there has been progress in the penetration of fixed broadband connections, registering a total of 47 subscriptions per 100 inhabitants in the second quarter of 2016, growing more than 12% compared to the second quarter of 2015 and for the case of mobile broadband, it was reached a national average of 53 subscriptions per 100 inhabitants, with a growth of 25% over the same period of 2015.

Thus, taking into account the experience of the IFT in recent years, we consider that aspects of Internet development should be focused mainly on those aspects related to a regulation that promotes economic competition by encouraging affordable prices, focusing on the reduction of gaps and for the benefit of users.

Therefore, we emphasize the importance of the *Outcome document of the high-level meeting of the General Assembly on the overall review of the implementation of the outcomes of the World Summit on the Information Society*, which also highlights several aspects of development, among which, the following are highlighted:

- ❖ Promote access and inclusion of children, youth, persons with disabilities, the elderly, indigenous peoples, refugees, migrants and rural communities.
- ❖ Foster greater investments in infrastructure and services,
- ❖ Establish regulatory and legal frameworks that allow and encourage the increase of investments, innovation and infrastructure development.

2. How can governments and other stakeholders promote the developmental aspects of the Internet?

A good reference is the report *Broadband Policies for Latin America and the Caribbean. A Manual for the Digital Economy* of the Organization for Economic Co-operation and Development and the Inter-American Development Bank, which outlines some factors to be taken into account for the implementation of national and broadband digital programs and plans, and considers necessary the participation of all stakeholders, but mainly of the governments.

From this report, the following factors and recommendations are rescued:

- Encourage the investment through the establishment of a solid policy and regulatory incentives;

- Reduce the deployment costs and foster the investment in infrastructure,
- Deploy networks and the provision of broadband services by private investors, complemented by the public sector when necessary, ;
- Spread broadband access to disadvantaged groups and in the rural and remote areas;
- Take into account the convergence of networks and services,
- Increase the adoption of ICTs by business and the digital entrepreneurship
- Strengthen the trust in digital services
- Design digital strategies and national broadband plans.

In the case of Mexico, it is emphasized that the country has carried out various actions and efforts to promote connectivity at the national level, which can be analyzed in accordance with some of the recommendations established in the OECD report. These actions and efforts have had their origin in the constitutional reform in the field of telecommunications and broadcasting that took place in 2013 and which requires the participation of various instances of the Mexican State to achieve its compliance.

At this point, it is highlighted the importance of the Mexico's *National Development Plan 2013-2018*, which is the roadmap that guides the Government's policies and programs during that six-year period. The Plan also outlines the main objectives of public policies, establishes specific actions to achieve them and define indicators to measure progress.

In this way, the Plan, previously mentioned, established as one of its objectives "democratize access to telecommunications services", which will be achieved through the development and technological innovation of telecommunications that will expand coverage and accessibility to promote better services and encourage competition, seeking cost reduction and communications efficiency.

Additionally, it should be highlighted the importance of a public policy complementary to the National Development Plan mentioned above in order to provide the government's approach to the digital ecosystem, which is included in the National Digital Strategy, whose main purpose is that the adoption and use of ICT maximize the economic, social and political impact in benefit of the quality of life of the people, for which five enablers are defined:

- Connectivity: development of networks and the deployment of better infrastructure, expansion of the existing networks and competition development to stimulate price reductions;
- Inclusion and digital skills: equitable development of skills to operate digital technologies and services, contemplating social coverage and development of gender skills;
- Interoperability: technical, organizational, governance and semantic skills necessary to constantly share information and transactions;
- Legal framework: harmonization with the aim of fostering an environment of certainty and confidence; and
- Open data: availability of government information in useful formats and reusable by the population in general.

Finally, and as it was mentioned above, the IFT has carried out various actions to efficiently develop telecommunications and broadcasting for the benefit of users and audiences in the country, guiding its efforts through its annual work plan, which is intended to promote and encourage better public service options at affordable prices, conditions for universal access to technologies and services, to ensure that the provision

of services received by the population are in line with quality levels under international standards, and to promote respect for the rights of users and audiences.

In accordance with the above, the regulatory agenda continues to advance in order to reduce the digital divide in the country in constant collaboration with the different stakeholders in the telecommunications and broadcasting sectors, including the public and private sectors and civil society that contribute to the development of the internet ecosystem in Mexico.

3. What are the challenges and opportunities?

The connectivity offers great possibilities for accelerating human progress, reducing digital divides, and developing knowledge societies. The Information and Communication Technologies (ICTs) have become an essential part of long-term social and economic development, but progress will depend on reliable, resilient, available, secure and trustworthy communications infrastructures and services.

However, there are still several issues that need to be addressed and resolved, and in which a multistakeholder cooperation is needed in order to guarantee the access to ICT, as well as the telecommunications and broadcasting services.

At this point, it is considered relevant to rescue the World Economic Forum (WEF)'s *The Global Risks Report 2017*, which analyzes technology as a source of polarization, while being an inevitable part of any response to current trends. According to the WEF, we are currently living the Fourth Industrial Revolution, which represents a transition to new systems that combine digital, biological and physical technologies.

However, this new set of technologies is creating new global risks and exacerbating existing ones, among the risks that stand out are cyber dependence that increases vulnerability to the interruption of critical information infrastructure and networks, the increase of cyber-attacks which cause great economic damage and loss of confidence on the Internet, as well as the illegal exploitation of private data.

On the other hand, it is also considered important to take into account the *Broadband Policies for Latin America and the Caribbean. A Digital Economy Toolkit*, which highlights that the main challenge for promoting broadband access, including the Internet, is the establishment of policies that promote service availability, affordability, penetration and use.

Considering the above, the manual considers that the main challenges are: lack of incentives for infrastructure deployment, competition in communication markets in the region, lack of national, regional and international backbone networks, affordability of broadband services, connecting schools with broadband, and trust and security problems.

Therefore, it is important to continue fostering a more affordable access, increasing bandwidth, facilitating the deployment of infrastructure on the basis of more robust telecommunications networks in order to meet the demand of the Internet and providing better resilience even during natural catastrophes.

ANEX
Activities List

- The “Public bidding for concessioning the commercial use, enjoyment and exploitation of 80 MHz of radio spectrum available in the frequency band 1710 - 1780 MHz / 2110 - 2180 MHz” (Band AWS), its objective was concessioning 80 MHz of radio spectrum for the provision of mobile wireless access by reorganizing the spectrum in order that the Economic Interest Groups could have the largest number of contiguous blocks.
- Establishment of an asymmetric regulation for Economic Preponderant Agents (AEP, for its acronym in Spanish), especially in terms related to tariffs and network infrastructure and the enforcement of measures related to the supply and quality of services, exclusive agreements, limitations on the use of terminal equipment between networks, asymmetric regulation on tariffs and network infrastructure, including the unbundling of its essential elements and, if necessary, separate accounting, functional or structural elements for such agents in order to reduce the costs and encourage the investment in infrastructure.
- The creation of the “Infrastructure Deployment Microsite” in order to compile and disseminate information related to the regulations at different levels to promote the development of local digital projects.
- In coordination with the Federal Executive, the Mexican project of installing a shared network in order to increase the coverage of telecommunications services, promote competitive prices and improve the quality of services. Its development contemplates that a company or a private consortium participate in the design, financing, deployment, operation and marketing of their services. This network has the purpose of achieving that, at least 70% of all households and 85% of all micro, small and medium-sized businesses nationwide, have access to real speed for downloading information in accordance with the average for countries that are members of the OECD.
- It was issued the technical criteria for calculating and applying a quantitative index in order to determine the degree of concentration in the relevant telecommunications and broadcasting markets and services.
- It were issued the General Guidelines on Authorization of Radio Spectrum Lease, which establish the requirements, conditions and obligations under which the IFT may authorize the leasing or sub-leasing of Radio Frequency Bands.
- Publication of the Guidelines for the commercialization of mobile services by virtual mobile operators in order to regulate the provision, commercialization and resale of mobile services by concessionaires and authorized to establish and operate telecommunications services.
- It were issued the Guidelines for concessions of community social use, which confer the right to provide telecommunication and broadcasting services for cultural, scientific, educational or non-profit purposes. Within this category are the community and indigenous concessions.