

## Mexico's telecommunications regulator issues new long-distance regulations

Mexico's telecommunications regulator COFETEL has issued new long-distance regulations that will replace those enacted in 1996, which initially opened the Mexican long-distance market to competition. The new rules follow a decision by Mexico earlier in June not to appeal similar recommendations made in April by a World Trade Organization panel, following a complaint by the U.S. The new regulations establish the following:

- Elimination of the proportional returns system and single settlement rate.
- The right of each licensee to negotiate its own tariffs with its foreign counterpart
- Simplification of procedures for authorization of international ports and international interconnection arrangements.
- Technologically neutrality

The previous regulatory scheme of proportional returns and single settlement rate was highly advantageous to incumbent operator Telmex. It provided the right to negotiate tariffs applied in Mexico as it had the highest share of outgoing international traffic. The elimination of this system will enhance the ability of smaller operators to compete with Telmex. It will also allow licensees to negotiate competitive international settlement rates and offer reduced tariffs to users. The new regulations also consider technological neutrality, which could mean opening the option to cross-border communications through VoIP

Carlos Gomez  
G-REX Advisor

Adapted from "COFETEL issues new regulations on international long distance"  
[http://www.cft.gob.mx/html/1\\_cft/bol2004/junio\\_2004/com02\\_junio.html](http://www.cft.gob.mx/html/1_cft/bol2004/junio_2004/com02_junio.html)