

GSR-21 Consultation on “Regulatory uplift for financing digital infrastructure, access and use”

Contribution of Mexico

The Federal Institute of Telecommunications (IFT) – the regulator and economic competition authority for the telecommunication and broadcasting sector of Mexico – is submitting the following contribution to the GSR-21 Consultation on “Regulatory uplift for financing digital infrastructure, access and use” for the following topics:

1. Inducing new, effective and agile financing mechanisms to digital infrastructure, access and use.

In order to promote the deployment of digital infrastructure, access and use, regulators might consider adopting the following mechanisms:

- Granting tax incentives to telecommunication operators;
- Promoting collaboration between local authorities and the Federal Government, as has been done by IFT in order to standardize and reduce regulation and speed up the deployment approval process;
- Fostering collaboration between telecommunication operators, local authorities and the Federal Government in the implementation of capacity building programmes that promote Internet access and ICT adoption.
- Promote regulatory changes that facilitate the adoption of blended finance, co-investment and public-private partnerships.
- Strengthening the regulation of infrastructure sharing and the search for dynamic mechanisms and spectrum sharing, as well as flexibility and agility in formalities and authorizations associated with new infrastructure projects in which the different market player types can participate as partners.
- Implementing practices such as “regulatory sandboxes” as a means of promoting innovation in digital infrastructure investment.

Similarly, it is considered very important to promote the establishment of clear rules, the issuance of effective regulations with the guidance of the Regulatory Governance Cycle, the promotion of public consultation as a means of identifying omissions, biases and unexpected consequences; and the elaboration of regulatory impact analyses. The aim of all of this is to clearly identify the problem that needs to be addressed and how to address it; to assess the economic viability of implementing the regulation to compare different proposals or options, and to systematically examine the potential benefits, costs and effects of a regulatory proposal. Combined with inter-institutional collaboration, this will lead to the implementation of practices that improve affordability and the use of digital infrastructure.

2. Prototyping regulatory patterns for the post-Covid digital world

As we have seen, the pandemic has accelerated the digital transformation of society as a whole, making it necessary for regulation to be accessible and flexible in order to align with

the needs of digital transformation and so that technological convergence is given consideration, along with the regulation of competition.

As mentioned above, using “regulatory sandboxes” as a means of promoting and fostering development and investment in emerging technologies is important. They should be seen as viable options for the development and growth of business models based on emerging technologies in a secure and controlled environment, as they provide communication channels between regulators and regulated parties, a delimited and controlled testing space, innovative products and “relaxed” regulation. Taking such an approach opens up a secure avenue for start-ups, financing bodies and regulators and helps to identify key issues before major risks arise.

3. Transformational leadership to unleash the power of emerging technologies and business models

Technological progress is currently reshaping the landscape of all business models, including traditional ones. As a result, regulation must reflect this reality and become convergent and multimodal.

In this sense, transformational leadership should provide for efficient governance based on the monitoring of key variables and prioritizing accountability and regular evaluation. This approach to governance will permit the use of adaptive regulation as a means of responding to new market needs, analysing the impact of regulations implemented and users, and which is suitably positioned to allow for changes to be made.

Similarly, collaborative national and international regulation, a multistakeholder approach comprising as many players in the technological ecosystem as possible, is important as it will allow for a global vision and coverage and should, therefore, be pursued at all stages of the regulatory process, i.e. all the way from design to implementation. In this regard, it is worth noting international regulatory cooperation which, through mechanisms such as memoranda of understanding, formal political partnerships, mutual recognition agreements, regulatory provisions in trade agreements and participation in regional and multilateral forums, can overcome physical distance. This makes it possible for regulators to consider actions beyond national borders and develop joint strategies to address cross-border challenges, learn from the experiences of peers and to use evidence to drive decision-making.

In this regard, we should highlight the importance of regional forums and mechanisms, such as the Latin American Forum of Telecommunications Regulators (Regulatel), which help to foster and strengthen regulatory cooperation, in particular on the kind of issues and problems that regulators have in common and deal with on a daily basis.

In the light of all of the above, IFT developed its Roadmap 2021-2025,¹ in which one of the objectives is identified as “promoting the development of the digital ecosystem and adopting new technologies and digital use cases” with a view to meeting the demands of the current environment. This will involve a process of renewal, starting with the monitoring and analysis of the technology that will allow telecommunication and broadcasting services

¹ The Roadmap 2021-2025 can be consulted at the following link:
<http://www.ift.org.mx/conocenos/hoja-de-ruta-2021-2025> [Spanish]

to move towards digitalization or convergent services, such as the Internet, additional digital applications and subsequent interplay between traditional regulatory methods and the new approaches required for the stated objective (IFT, 2020: 79, 91).
