PHILIPPINE DAILY INQUIRER

MONDAY / JANUARY 15, 2018
WWW.INQUIRER.NET

B1

3rd telco player needs P300B for 5-year capex

Gov't issues policy guidelines to open sector to new group

By Miguel R. Camus
@miguelrcamusINQ

The government is calling on groups with around $6 billion (P300 billion) to spare and a desire to compete in the cutthroat telecommunications sector dominated by the duopoly PLDT Inc. and Globe Telecom.

The Department of Information and Communications Technology (DICT) published on Saturday the first-ever policy guidelines for a "new major player" in the telco space.

The guidelines will pave the way for the issuance of detailed terms, which will be released by the National Telecommunications Commission (NTC) on or before Feb. 19 this year.

Those final details are anticipated since they will include the basis for which coveted radio frequencies—the lifeblood of the telecommunications sector—will be assigned to a third player that will challenge PLDT and Globe.

According to the DICT, the main consideration for assigning currently available frequencies is financial resources, stating that "the applicant with the highest committed investment for the first five years shall be selected."

Acting Communications and Technology Secretary Eliseo Rio Jr. said in a text message that they estimated a new player would need to spend P300 billion over five years, or P60 billion annually in capital and operating expenses.

This will allow it to catch up with the current network infrastructure of PLDT and Globe. Both have committed to spend almost P100 billion in 2018 alone to fend off competition and boost their mobile and fixed-line businesses.

Rio said the selected third telco player, which is expected to have a foreign strategic partner, would also need to put up a performance bond.

The DICT guidelines added that a new player should have a valid congressional franchise and should have no "corporate or financial" interest with either Globe or PLDT as of the end of 2017.

Miguel Bitanga, chief operating officer of Philippine Telegraph and Telephone Corp., and Mel Velarde, CEO of NOW Corp., said that they were waiting for the NTC to release the terms of reference. Both businessmen have signified their interest to expand in the telecommunications space.

The Duterte administration has vowed to break the PLDT-Globe duopoly, which continues to lure criticism for the poor quality of their internet services, considered the biggest consumer and business trend in the telco sector since the use of

#TELECOMMUNICATION
#DEPT. OF INFORMATION AND COMMUNICATIONS TECHNOLOGY (DICT)

PHILIPPINE DAILY INQUIRER

MONDAY / JANUARY 15, 2018
WWW.INQUIRER.NET

B1 and B2

text messaging skyrocketed in the late 90s.

Last November, the government publicly called on China to enter as a third player. A foreign telco would need to partner with a local consortium given the 40-percent ownership restriction for non-Filipinos set by the 1987 Constitution.

The PLDT-Globe duopoly has been in existence since 2011 when PLDT acquired the operator of Sun Cellular.

Such position was seen cemented in 2016 when PLDT and Globe jointly bought the telco assets of San Miguel Corp. and took control of the underlying radio frequencies, including those in the coveted 700 Megahertz band. The 700 MHz, an LTE frequency band, is desired for its ability to penetrate walls and cover large distances with high-speed mobile internet.

B2

3RD TELCO PLAYER

FROM B1

Despite steps to lure a new telco player, consumer advocates such as Pierre Galla, co-founder of Democracy.Net.PH, remain worried, given that PLDT and Globe had amassed control over 80 percent of all available telco frequencies. That left less than a fifth available to a third player.

The DICT has raised the possibility of reallocating frequencies already assigned to PLDT and Globe—a move both companies are expected to oppose.

"So far as we are concerned, we are clearly using, extensively, the frequencies we acquired from San Miguel," Pangilinan told reporters last week.

Rio said there were other frequencies available, all of which will be included in the NTC's terms of reference. INQ