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Antitrust Expert: OECD Recommendations Would "Cartelize" Mexican Telecom Market

Published: May 21, 2012

WASHINGTON, May 21, 2012 /PRNewswire/ -- A noted economist and antitrust expert has authored a report calling OECD's proposed regulations to Mexico's telecommunication market unnecessary and unsubstantiated. Worse, they would harm Mexican consumers.

(Logo: <http://photos.prnewswire.com/prnh/20120521/PH10381LOGO>)

On Monday, Criterion Economics lead expert [Gregory Sidak](#) presented his study commissioned by [America Movil](#)—the parent company of Telmex and Telcel—to the OECD, a global development and policymaking forum with members from thirty-four countries.

[Sidak's report](#) explained how policies recommended by the OECD would stifle competition and reward inefficient competitors. The report accompanies independent econometric findings from economists Jerry Hausman and Agustin Ros.

"The [asymmetric regulation](#) advocated by the OECD would invite a government-sanctioned price-fixing cartel," says Sidak. "They would be rewarding inefficiency while penalizing efficient carriers at the consumer's expense."

"The OECD criticizes Mexico's *amparo* process and the filing of such appeals by [carriers like] Telmex and Telcel with regard to various [commission] rulings, despite that fact that, as the OECD report itself admits, the courts more often than not found that Telmex and Telcel were correct, and that [the commission] had in fact acted unlawfully," the Sidak report states. "Despite this fact, the OECD urges that [the commission], the organization that requested the OECD report, be given absolute and unquestionable authority over the telecommunications sectors, subrogating the role of [other agencies] and the Mexican courts."

The solution to promoting innovation and deployment of next-generation telecommunications networks, says Sidak, is to remove government barriers to entry in the wireless and television markets, not impose outdated and [counterproductive regulations](#).

"This is not just an America Movil issue," Sidak says, stressing that countries and governments count on the [accuracy of data](#) produced in reports like the OECD's to guide policymaking. "Had Mexico relied on this report to implement new policies, they would not only have [harmed innocent, innovative companies](#), they would have harmed the Mexican consumer, too."

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