



# ICT on the Public Agenda

## ICT sector in Public Policy

July 2020

Sector: ICT



## Intelligence

Public policies in Mexico toward ICT industries reflect the changing dynamics amid the COVID-19 pandemic and new trade agreements. Additionally, some tech-related government agencies have been impacted by the political environment as the current administration reacts to the economic difficulties caused by the pandemic.

### *Copyright protection law sparks backlash*

In order to prepare for compliance with the coming into force of the USMCA, which includes a specific chapter on the digital economy, **President López Obrador** and Congress, led by his ruling party **Morena**, passed and jointly announced a new, stronger digital copyright protection law along with reforms to the penal code. This legislative action sparked swift backlash from opposition lawmakers and civil society groups, who warned that the new regulations posed a significant threat to freedom of expression on the internet, having been written in such a way that individuals who committed minor violations of the copyright protection regulations could be sent to prison.

### *Guide for e-commerce*

Meanwhile, on July 2, the **Minister of Communications and Transportation** published, with a group of businesses and civil society organizations, a guide for users of e-commerce during COVID-19 pandemic. The document, titled **"Guide for the Preparation, Purchasing and Delivery of E-Commerce Orders During the COVID-19 Pandemic in Mexico"** was put together by the government with the input of a number of collaborating Mexican advocacy groups as well as large e-commerce firms including Amazon, Mercado Libre, and many others. It came about in response to the large increase in e-commerce activity since the start of the pandemic, and is designed to provide sanitary guidelines for the distribution and organization of goods.

### *IFT funds transfer*

On July 3, The **Federal Telecommunications Institute (IFT)**, the government agency in charge of regulating telecommunications, connectivity and broadcasting services across the country, **announced a transfer** of 207 million pesos in federal funds to the **Finance Ministry** in support of efforts to confront the COVID-19 pandemic. This is part of a whole of government approach to addressing the crisis, but it is also an example of how the budgetary austerity policies of the current administration can cause institutional challenges during a crisis. As Mexico confronts prolonged economic difficulties, more changes in public funding should be expected given the stance of the current administration and ruling party. The **IFT** is a prime example of the type of public entity that may be at risk of further funding cuts if the government doubles down on its approach, particularly in light of the fact that on June 18 the prominent **Chamber of Electronics, Telecommunications and Information Technologies (CANIETI)** **released a statement** denouncing the IFT's organizational shortcomings and calling for its mandate to be transferred to a new institution that could better harness opportunities in the ICT economy and work to close Mexico's digital gap.

## *Value Added Tax (VAT)*

On July 9, the [Ministry of Finance](#) published in the [Official Gazette](#) its official list of foreign tech firms, mostly based in the United States, whose digital services will be subject to a [Value Added Tax \(VAT\)](#). Firms named in the statement included Amazon and its Alexa service, Bloomberg, Didi, Expedia, Homeaway, Microsoft, Netflix, Rebuilding Technology, and Uber. The announcement is part of the government closing a previous loophole in which businesses without physical office space in Mexico were able to avoid the country's tax framework.

## *Net neutrality*

Net neutrality and personal data privacy are also becoming increasingly important issues for both the government and companies in Mexico, which promise to be under discussion in the coming months. On July 9, the [IFT](#) weighed in by [hosting a comprehensive forum](#) covering the topic, in which a number of different stakeholders were able to share their competing views on the importance of protecting net neutrality and user privacy. The event was part of the culmination of a period of [open consultation](#) between December 18, 2019 and July 15, 2020, in which the [IFT](#) publicly accepted suggestions from any stakeholders who wanted to weigh in on the government's [Draft Guidelines](#) on network traffic and administration for internet service providers. This issue has attracted attention from a number of civil society groups in the context of increasing internet use and e-commerce, meaning more advocacy and legislative proposals can be expected in the near future.

The implications for businesses and consumers could be hugely impactful on the way individual users and businesses alike consume and pay for internet services. Private providers want to be able to charge different amounts and offer different degrees of internet service or speed depending on whether a package includes a large streaming service like Netflix or Amazon Prime, while consumers and civil society organizations argue that allowing for these measures would permanently alter the type of free access users have enjoyed since the internet's inception.

## *Changes at Ministry of Communications and Transportation*

On July 23, [President López Obrador](#) [announced the resignation](#) (initially via Twitter) of [Minister of Communications and Transportation \(SCT\) Javier Jiménez Espriú](#), who left over differences with the President regarding the military's role in operations and security at ports and customs. Jiménez Espriú was replaced by civil engineer [Jorge Arganis Díaz Leal](#), who worked with the President (2000–2006) and [Minister of Foreign Affairs Marcelo Ebrard](#) (2006–2012) during their respective terms as mayors of Mexico City. Díaz Leal served as Director of Public Works in Mexico City and his extensive engineering and logistical experience positions him to succeed in managing the SCT transportation policy functions, but his qualifications for promoting the evolving ICT sector are less clear.

On July 2, the [SCT](#) [published a comprehensive 5-year sectoral plan](#) that listed expanding digital inclusion and technological development as one of the secretariat's four primary objectives. While three of the plan's four main priority objectives were related to the development of transportation access and infrastructure, Objective #3 lays out the government's clear intention to expand access to internet and telecommunications services, with a focus on vulnerable areas. The plan introduces the ambitious goal of increasing internet access across the country from its current coverage of 65.8 percent of Mexicans to the entire population by the end of the current administration's term by building out a universal broadband service that could provide free internet access in public places and major community centers such as schools and hospitals.

These initiatives have the potential to foment major progress in Mexico's development and overall competitiveness, but will be challenging to implement in the context of limited public spending and leadership turnover in the government ministries tasked with carrying out the plan.

Further questions as to the feasibility of the digital development plan were raised on August 11 when Díaz Leal announced that the SCT was eliminating its [Subsecretariat of Communications and Technological Development](#), as part of a reorganization and consolidation plan. This move can be interpreted as confirmation of the fears that the SCT and the government more broadly are not fully prioritizing the digital economy in their development plans. Public resources are growing increasingly scarce due to both general austerity and lack of attention paid to promoting technology despite its clear, growing importance amid both the new USMCA deal and the ongoing COVID-19 pandemic. In this context, it is essential that the private sector and civil society organizations come together to make their voices heard in support of their initiatives.

Like the sector more broadly, the tech policy environment is changing rapidly. Policy makers are scrambling to adjust to new realities brought about by the launch of the USMCA unifying the North American digital economy and the COVID-19 pandemic changing the way people work and buy their goods. Businesses looking to take advantage of new opportunities in the digital economy will need to continue to carefully monitor policy discussions as they take place in Mexico in order to be best positioned to react.

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This report was prepared by



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All information presented is based on official sources and reliable media. It is a compilation of the most relevant events of the month. AGIL(E) uses the information gathered to provide a conceptual analysis.

**The information presented covers July 1st - August 1st**