

Philippines urged to bring in third telco

Dylan Bushell-Embling, July 3, 2017

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A Philippine think tank has urged the government to facilitate the entry of a third player into the nation's telecoms market, but warned that a series of structural barriers will make this “extremely difficult” to achieve in the near future.

The Philippine Institute for Development Studies (PIDS) has published a new report on the competitive landscape of the nation's telecoms sector, in light of the recent buyout of San Miguel corporation's telecoms assets.

The report found that the acquisition, which ensured the telecoms market was left with only two main players – PLDT and Globe Telecom - “brought a cloud of doubt as to the motives” behind the transactions.

Report author senior research fellow Erlinda Medalla recommended there be at least three major players in the industry to promote competition.

But she said challenges “arising from structural barriers, such as the cost of obtaining various permits and licenses, the cost of obtaining rights of way, the available spectrum or bandwidth, and the foreign equity limitation” will make this difficult.

To address these challenges, Medalla called for liberalization, competition, and regulatory reforms on the part of the Philippine Competition Commission, telecoms regulator NTC and the telecoms ministry.

While the PCC is currently challenging the legality of the San Miguel acquisition in court, Medalla said the acquisition is a “done deal”. She urged the government to instead concentrate on ensuring the transaction benefits customers, including by pressuring PLDT and Globe to “increase and widen their services.”

But she also suggested that rules on future M&As be introduced that would mitigate potential anti-competitive impacts and ensuring that a dominant position arising from a merger produces gains for consumers.