# Pivotal telco reform

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Before it adjourned early this month, the 19th Congress ratified on June 9 the Konektadong Pinoy Act (or the Open Access in Data Transmission Act) in a bid to expand internet access across the country, lower costs to consumers, and boost service quality, especially in so-called underserved areas that existing players have failed to address. It is now awaiting the signature of President Marcos to become law.

During the years it was being crafted, the bill gained support from a broad segment of the business community and international organizations as they welcomed the opening of a market dominated by two big players by removing burdensome barriers to entry such as the need for a legislative franchise. Lately, however, dominant telcos such as PLDT and Globe Telecom as well as other members of the Philippine Chamber of Telecommunications Operators (PCTO) have waged a media campaign urging the President to veto the bill. They warn of grave risks, which at this point are unsubstantiated, such as a weakened regulatory oversight and national security problems.

A salient point of the bill is the removal of the requirement for new data transmission players to secure a legislative franchise. PCTO argued that this move strips safeguards that assess financial, legal, and technical readiness, claiming that this will create a two-tier system where current players remain regulated, while new entrants face fewer checks. If a franchise can indeed expand internet coverage and make the digital space safe and secure, then why are many areas still unconnected, broadband services remain lacking and expensive, and cybercrime a big problem in the country today?

## Uneven landscape

PCTO also called out the bill for not requiring new players to serve geographically isolated and disadvantaged areas, which could leave rural communities behind. If such a provision is indeed needed to expand the reach of telecom services, then why are there so many places in our archipelago still without internet when the current players were required to do so by Republic Act No. 7925, or The Public Telecommunications Policy Act of the Philippines, which was enacted 30 years ago to liberalize and modernize the telecommunications industry?

The World Bank (WB), a staunch supporter of open data access, has pointed out that the Philippines remains the only country worldwide that still requires a legislative franchise for the construction and operation of networks. In a policy note issued in January 2024, the World Bank said: “Compared to its neighbors, the Philippines’ internet connectivity lags in affordability, speed, and access, creating an uneven landscape for digital participation. The price of fixed broadband, for example, is more than four times higher than Malaysia and Vietnam, and two times higher than the Asean (Association of Southeast Asian Nations) average.”

## Effective duopoly

It said that for mobile broadband—considered the driver of consumer adoption of e-commerce, financial inclusion, disaster response, and agriculture practices—active subscribers in 2022 were 70 per 100 inhabitants, the lowest among large Asean economies. Worse, the Philippines is estimated to represent more than 50 percent of the Asean population unconnected to mobile broadband, according to the agency.

The broadband market in the Philippines is an effective duopoly, it said. The World Bank also cited Affordability Drivers Index policy scores showing that the Philippines is among the least favorable in the Asean in terms of policy environment for affordable broadband and is among the slowest in the world in promoting any major reforms for affordable broadband.

“Outdated policy and regulations have long stunted the growth of the country’s broadband industry and expansion of digital infrastructure,” the WB said, noting that inclusive growth through digitalization that benefits all Filipinos requires updating Philippine policy to promote competition, encourage investment, and upgrade broadband infrastructure.

## Shady participants

The implementing rules and regulations that will be drawn up once the Konektadong Pinoy bill is enacted can address most of the concerns of critics, especially on supervision or regulation of new players. The government is not lacking in talent to allow shady participants to come in and cause damage to the country, as PCTO has warned of a Pogo-type mess under the proposed bill.

In signing the Konektadong Pinoy Act into law, Mr. Marcos will signal a pivotal reform in the broadband service sector that will benefit small investors, consumers and the poor. Secretary Arsenio Balisacan of the Department of Economy, Planning, and Development describes the Konektadong Pinoy measure as a “game-changer” as it introduces comprehensive reforms designed to open the market, enhance competition, reduce network rollout costs, and increase the quality and availability of digital services. This is what all Filipinos deserve: Internet service that is fast, readily available, reliable, and affordable.