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“ The cost of [the] Internet is high and the lack of adequate international bandwidth makes the Internet really slow and unstable...Subsidization for international bandwidth will definitely help promote IT business and is good for subscribers as well.”

—*Internet executive, Mexico*

“ The IT industry is a great opportunity for doing business in Mexico, [it is] growing extremely quickly [and is] empowered by a government that has made its bet for this sector [being] a key industry for the future.”

—*Mexican legal consultant*

High levels of poverty, particularly in rural and peri-urban areas, remain a major obstacle to Mexican Networked Readiness, in which the country ranks forty-fourth. President Fox's solution is e-Mexico, an initiative designed to bring all of Mexico into the information age. e-Mexico is a comprehensive ICT program including projects in education, health, e-commerce, and e-government. The success of this program will depend on Fox's ability to coalesce political support, dedicate adequate funding, and achieve cooperation among the numerous government agencies involved in its implementation.

Mexico's teledensity compares unfavorably with other countries of similar development and is characterized by significant regional disparity, with the capital city having ten times the teledensity of most rural areas.¹ Mexico's progress in Internet access is a bit more promising. Mexico was the first Latin American country to connect to the Internet, and from 1998 to 2000, the number of Mexican Internet users increased by more than 200 percent.² This boom in use could be attributed in part to increasing competition, which has led to a decrease in Internet access fees and creative pricing strategies, including bundling desktop computers with Internet access.

Mexico is an innovator in the use of ICT in education in Latin America (Ranking in Internet Access in Schools: 40); decades ago the government launched its *Telesecundaria* program, which transmits secondary school education via videotapes and satellite television broadcasts. Another cutting-edge initiative is *Red Escolar Linux*. Calculating that it could save millions in software licensing fees by using the Linux operating system, the Mexican government decided to standardize the use of Linux in its educational institutions. Mexican universities have long made extensive use of ICTs, and several offer a wide range of degrees and continuing education courses via distance

education. Mexico's most recent initiative, *e-Educación*, will focus on using ICTs to provide primary and secondary school education to the millions of Mexicans who have not had an opportunity to finish their studies.

Large corporations are the primary users and providers of ICTs in Mexico (Ranking in e-Commerce micro-index: 41). These companies are beginning to become active in B2B e-commerce, often with a regional focus. Small and medium enterprises, however, are not exploiting ICTs in their businesses because they are generally unaware of the potential effect of these technologies on their productivity, do not have the financial resources to acquire them, and find very few offerings tailored to their needs. B2C e-commerce has also been slow to start in Mexico and is hindered by a lack of faith in online transactions and a low credit card penetration rate. The Mexican government is embracing ICTs in operations such as e-Gobierno, a program to provide Internet access and interconnection for all of Mexico's 2,400 municipalities, and CompraNet, an online government procurement system (Ranking in e-Government micro-index: 31).

Mexico opened its telecommunications market to competition in 1996, yet Telmex, its previous monopoly provider, still dominates almost all market segments (Ranking in Effect of Telecommunications Competition: 55). Mexico has adjusted its existing legal framework to facilitate e-commerce, including recognition in April 2000 of Internet purchase orders as binding contracts. Yet, many observers feel that digital signatures and increased protection of intellectual property should be addressed to further stimulate e-commerce and software production in Mexico (Ranking in Legal Framework for e-Commerce: 60).

Key Facts

Population	98,900,000
Rural population (% of total population) 1999	25.80 %
GDP per capita (PPP)	US\$8,914
Global Competitiveness Index Ranking, 2001–2002	42
UNDP Human Development Index Ranking, 2001 (adjusted to GTR sample)	40
Main telephone lines per 100 inhabitants	12.47
Telephone faults per 100 main telephone lines	2.22
Internet hosts per 10,000 inhabitants	56.55
Personal computers per 100 inhabitants	5.06
Piracy rate	56.00 %
Percent of PCs connected to Internet	11.18 %
Internet users per host	4.85
Internet users per 100 inhabitants	2.74
Cell phone subscribers per 100 inhabitants	14.23
Average monthly cost for 20 hours of Internet access	US\$24.14

RANK

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