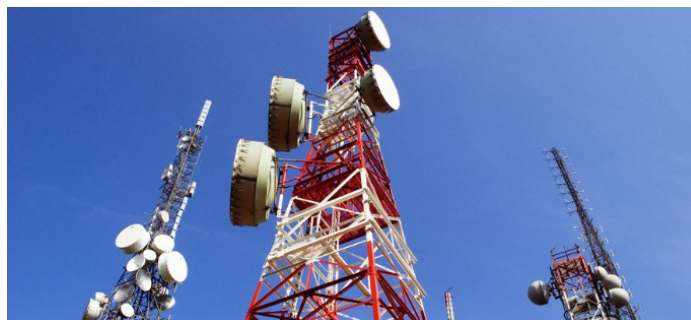


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## FEATURED Q&A

# What Forces Are Driving Mexico's Telecom Sector?



The telecommunications sector in Mexico is seeing significant growth, commentators write below. // File Photo: Mexican Government.

**Q** América Móvil on July 16 reported subscriber growth that was better than expected for the second quarter, with growth in Mexico, its home market, helping to drive results. Across the company, América Móvil had 314 million subscribers in the quarter, beating analysts' estimates of 309.1 million, according to Bloomberg News. What factors are fueling growth in Mexico's telecommunications market? What headwinds could Mexico's telecom sector experience in the coming quarters? How will the policies of Mexico's incoming president, Claudia Sheinbaum, affect the sector?

**A** Karim Lesina, executive vice president and chief external affairs officer at Millicom: "Mexico's telecommunications market is experiencing significant growth, driven by the expansion of digital infrastructure, including fiber-optic networks and next-generation mobile technologies. Rising demand for data services, along with the consolidation of the market, which has led to two stronger players—América Móvil and AT&T—has created a more efficient, competitive environment that attracts greater investment. América Móvil's recent subscriber growth reflects these trends, as well as the company's investment in infrastructure and competitive pricing. However, Mexico's telecom sector faces challenges, particularly high spectrum prices—a common issue across Latin América. These elevated costs can limit operators' ability to invest in next-generation networks like 5G, slowing the rollout of faster, more reliable connectivity for consumers and businesses. Additionally, there is a need for regulatory modernization to better align with the rapidly evolving telecommunications landscape,

Continued on page 3

## TODAY'S NEWS

### POLITICAL

## Venezuelans Protest Maduro in Several Cities Around World

Venezuelans demonstrated in Caracas, Mexico City, Washington and several other cities around the world to protest President Nicolás Maduro following the country's disputed election.

Page 2

### BUSINESS

## Aurora Energy Acquires Chilean Wind Assets

Scotland's Aurora Energy is expanding into South America with the acquisition of Chilean assets of a wind energy services company.

Page 3

### BUSINESS

## Social Media Site X Closes Brazil Office

Social media platform X announced that it was closing its office in Brazil, saying Supreme Court Justice Alexandre de Moraes had threatened to arrest the company's legal representative

Page 2



De Moraes // File Photo: Brazilian Government.

## POLITICAL NEWS

## Venezuelans Protest Maduro in Cities Around the World

Thousands of Venezuelans protested in Caracas and other cities in the South American country and around the world on Saturday, demanding that President Nicolás Maduro recognize the results of last month's election, which the opposition says he lost to challenger Edmundo González, The Washington Post reported. "Today the world knows what we Venezuelans are made of ... we awakened a country," opposition leader María Corina Machado said in a video message on Saturday morning, the newspaper reported. "Now comes a new stage. We have to stand firm and united. They try to scare us, to divide us, to paralyze us, but they cannot," she added. Machado has been in hiding amid risks that she could be arrested, but she emerged on Saturday, riding on a truck along with other opposition members during the protest in Caracas. "Let the world and everyone in Venezuela recognize that the president-elect is Edmundo González," Machado told the crowd, the Associated Press reported. González did not attend the protest in Caracas, but he asserted in a social media post earlier in the day that he won the election. "They will not be able to cover up the reality of July 28: we won resoundingly," he said in a posting on social media site X. Venezuela's National Electoral Council has said that Maduro won the election with 51 percent of the vote but has released no proof. The opposition has released vote tally sheets from more than 80 percent of polling stations, which it says shows that González received more than twice as many votes as Maduro. In Mexico City, hundreds of people gathered in the city's Monument to the Revolution. They chanted "Freedom!" and "Maduro out!" as motorists honked their horns, the AP reported. Venezuelans rallied in several cities in the United States, including in New York, Washington, Houston and Miami. "I can hear it all over the world and it just brings me that feeling of, I want to be in my country, I

want my country to be free, I want my country to have Maduro out," demonstrator Khrystina Zambrano told television station Fox 26 in Houston. In Washington, hundreds of Venezuelans gathered at a statue of Simón Bolívar. "It's different now because we finally have the proof that we won," María Andreina Arroyo told The Washington Post. Protesters also gathered in hundreds of other cities, including in Australia, South Korea and Madagascar, the newspaper reported.

## BUSINESS NEWS

## X Closes Brazil Office Amid Feud With High Court

Social media platform X said Saturday that it was closing its office in Brazil, saying that Brazilian Supreme Court Justice Alexandre de Moraes threatened to arrest its legal representative if the platform did not comply with orders to suspend some accounts, The New York Times reported. The company also said it would be removing all staff in the South American country, the Associated Press reported. X said, however, that its service would remain available to users in Brazil. The developments were the latest in a drawn-out battle between X and Brazil's Supreme Court, where, in April, de Moraes ordered an investigation into Elon Musk, role in disseminating misinformation about the Court, as well as a separate inquiry into obstruction of justice, Reuters reported. Musk challenged the decision by saying he would reactivate the accounts the justice had ordered blocked and would lift restrictions, calling them unconstitutional. Musk also called on Moraes to resign. In a [Q&A](#) published April 29, Maria Luiza Ribeiro Viotti, Brazil's ambassador to the United States, told the Advisor that the Brazilian judiciary's "request" to suspend some accounts on X "is part of the ongoing investigation" into the riots on Jan. 8, 2023 in which supporters of former President Jair Bolsonaro broke into and ransacked federal government buildings in Brasília following his

## NEWS BRIEFS

## At Least 11 Killed as Inmates Escape From Prison in Central Haiti

Inmates broke out of a prison in the town of Saint-Marc in central Haiti on Friday, the spokesman for Haiti's National Police said, as authorities continue trying to fight gang violence, the Associated Press reported. Eleven people, all believed to be inmates, were killed in a shootout with police, and one person was arrested, but the total number who escaped in the prison break was unclear. The newspaper Le Nouvelliste said officers at the prison were striking to demand better treatment, suggesting that they had been complicit in the inmates' escape.

## Colombia's Petro Bans Coal Exports to Israel

Colombian President Gustavo Petro has signed a decree that bans coal exports to Israel amid its ongoing war in Gaza, Bloomberg News reported Sunday. The decree was published on the presidential website and is dated Aug. 14. Colombia is Israel's primary fossil fuel supplier. The Colombian Miners Association had previously warned that, pursuant to the free trade agreement between the two nations, exports to Israel cannot be terminated.

## Union at Chile's Escondida Mine Signs Deal With BHP to End Strike

The union representing workers at Chile's Escondida mine, the world's largest copper mine, signed a deal Sunday with mining company BHP to end a strike at the mine, Reuters reported. The deal makes changes to labor conditions including "initiatives to optimize shift changes, increase equipment utilization and compliance with the 40-hour law," BHP said in a statement. An internal message that the union sent to workers asks them to return to work.

defeat by current President Luiz Inácio Lula da Silva. “The request for suspension was made in accordance with the law, and the principles of legality and due process were observed,” said Viotti.

## Aurora Energy Acquires Chilean Wind Energy Assets

Scotland-based Aurora Energy Services is expanding into South America with the purchase of the Chilean wind energy services assets of London-based Altitec Blade Services, Scottish newspaper The Herald reported Aug. 16. Aurora’s purchase of the assets “is a separate entity from the parent group acquired in February by Swire Renewable Energy,” Aurora said. “The acquisition, which includes established operations in Santiago and key personnel in Chile, positions Aurora to capitalize on the growing wind energy market in South America,” the company added. Aurora also said that the acquisition “marks a significant step in Aurora’s ambition to become a global leader in renewable energy services.” Altitec executive Raúl de la Jara Mellado has been named to lead the Chilean business, Aurora added. As of last year, Chile had 3.5 gigawatts of installed wind capacity, and it plans to reach 10 gigawatts of installed wind capacity by 2030, Aurora said. It added that Chile represents “a key growth market in the region.” It also noted that the Chilean government has set a goal of having at least 60 percent of its electricity coming from renewable energy sources by 2035 and 70 percent coming from renewables by 2050. “South America’s wind energy sector is poised for substantial growth, and this acquisition allows us to establish a strong foothold in the region. Initially, we will offer blade repair services, but will expand our services to include mechanical services, and construction [and] installation services,” said Aurora’s chief operating officer, Tom Smith, The Herald reported. Aurora has approximately 700 employees, insider.co.uk reported.

### FEATURED Q&A / Continued from page 1

ensuring that policies encourage innovation and investment. To ensure continued growth, Mexico’s incoming president, Claudia Sheinbaum, should prioritize reducing spectrum costs. Following the example of countries like Paraguay, Brazil and Panama—where lowering spectrum prices has spurred investment in underserved areas—Mexico could create incentives for telecom operators to invest more in critical infrastructure. By addressing this issue and modernizing regulations, the government would facilitate broader coverage, especially in rural areas, and support the country’s long-term digital growth and sustainability.”

**A** **Gonzalo Rojon, director and senior partner at The Competitive Intelligence Unit:** “Mexico’s telecommunications market has shown sustained growth, driven by several key factors. Despite the global economic slowdown, the demand for telecommunications services has increased, fueled by higher consumption of digital services and the expansion of connectivity. Investments in infrastructure by traditional Operators like AT&T and an increase in consumption baskets due to Mobile Virtual Network Operators have improved quality, coverage and usage, attracting more users, particularly in postpaid and high-consumption prepaid segments. Additionally, population growth and urbanization continue to generate greater demand for services, especially in urban areas. However, the sector faces significant challenges in the upcoming quarters. The economic slowdown and inflation could reduce consumers’ purchasing power, affecting the demand for telecommunications services. Additionally, the potential dissolution or diminished capacity of the sector’s regulatory body, coupled with the government’s majority in both congressional chambers, allowing constitutional changes, creates uncertainty. This uncertainty could affect investor confidence and slow the necessary investments for infrastructure

development. The upcoming administration of Claudia Sheinbaum will have a crucial impact on the sector. It is likely that her policies will focus on promoting infrastructure investments and improving connectivity in rural areas. However, regulatory uncertainty will be a critical factor; if the decision is made to dissolve the regulatory body, this could represent a setback in the sector’s development, affecting the stability and pace of investment needed for its growth and the expansion of 5G across the country.”

**A** **Ryan C. Berg, director of the Americas Program at the Center for Strategic & International Studies:** “Unfortunately, Mexico’s telecommunications industry suffers from a lack of competitiveness and overly monopolistic practices. Indeed, subscriber numbers have increased, but for América Móvil, and thus billionaire Carlos Slim. Despite an antagonistic relationship with much of the private sector, President López Obrador has favored Slim’s companies and settled into an easy relationship with him throughout his sexenio. In order for Mexico’s telecommunications industry to be more competitive globally, President López Obrador would have to bolster his support for independent regulators, such as Mexico’s IFT, and have purposive policies to lower spectrum fees, which remain some of the highest in the world. Lamentably, López Obrador is going in the opposite direction on both fronts. These factors stifle growth in the industry and the government’s stated desire to expand access to quality ICT infrastructure for the many Mexicans—especially in rural areas—who lack access to reliable internet. Another critical factor is the proliferation of Chinese Huawei equipment within Mexico’s ICT networks, owing mostly to Slim’s dominance of the industry. His many companies consider Huawei to be a ‘trusted vendor,’ limiting opportunities for foreign direct investment from other market actors that have security issues related to

Continued on page 4

## FEATURED Q&amp;A / Continued from page 3

such a strong Huawei presence in the core of Mexico's ICT network. It is within the power of Sheinbaum's administration to change these trends, but her campaign message of continuity with López Obrador's 'fourth transformation' policies make that increasingly unlikely."

**A** **Angel Melguizo and Victor Muñoz, partners at ARGIA Green, Tech and Economics:** "América Móvil has shown remarkable capabilities to navigate the challenging telecommunication scenario both in Mexico and globally, with frequent (and sometimes not investment-friendly) normative changes, increasing competition from other operators, both internally and from big tech, and mounting financial pressures. In particular, in Mexico's case, the company's recent performance highlights its strategic investments in infrastructure, including mobile towers and fiber-optic networks, which have improved service quality and positioned it as a leader in 5G deployment. It is key that the Sheinbaum administration keep and reinforce the competition authorities, ensuring they have human and financial resources, and a solid policy mandate. Countries in Latin America with solid institutions and smart rules have shown investment figures more than 60 percent higher than the rest, according to our empirical research. Beyond the usual political uncertainties, headwinds for the telco industry are structural. The sector's future depends on agility in core operations, smart and innovative regulation, and strategic responses to evolving challenges. América Móvil must capitalize on global collaboration initiatives like Open Gateway (which enables telecommunications companies to collaborate with digital service providers by creating standardized APIs) to strengthen its digital

strategy, ensuring seamless integration with big tech and the broader digital ecosystem. Embracing AI and data analytics is crucial, combined with an optimization of its financial position through strategies like selling mobile tower assets to focus on high-growth areas. Fair share initiatives will also play a key role in ensuring equitable contributions from big tech to infrastructure costs, further securing the industry's stability and growth."

**A** **Jorge Fernando Negrete Pacheco, president and chairman of the Digital Policy & Law Group in Mexico City:** "América Móvil has reached a level of growth and stability, derived from the understanding and adaptation to the predominant regulation (on economic competition). It has invested in its

“**Mexico's economy is maintaining its growth expectations, and the digital economy is growing despite the lack of government incentives.**”

— Jorge Fernando Negrete Pacheco

network and quality of service, and it knows its customers. Additionally, Mexico's economy is maintaining its growth expectations, and the digital economy is growing despite the lack of government incentives. The company has an enormous capacity to control expenses and sustain investments, and the result is user confidence in the brand."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.*

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