

Factors Affecting the Entry of Foreign Operated Companies in the Philippine Telecommunications Industry

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Abstract

This study investigates channels and obstacles influencing the successful entry of DITO as a first potential partly foreign-owned competitor in the Philippine telecommunications market. It also discusses the history of private ownership in the telecommunications industry. During this history, the telecommunications market is under the duopoly of local companies PLDT and SMART. We explore the transition of Philippine telecommunications toward broadband utilization under the influence of the current conglomerates, as well as attempts at foreign entry into the market. These involved changes in usage from GSM- to SIM-based broadband to fixed-line and wireless connection. We investigated recent legislations concerning the management and approval of market competitors. These legislations directly influence the ease of doing business in the country, which lead to easier access to infrastructure expansion of current, as well as future, companies entering the market. We also discuss the effects of the entry of DITO on the reactions of the public, also identifying public concerns of data breaching and privacy compromise as the main factors hindering the acceptance of the partly foreign-owned company in establishing its infrastructure, which promises significant speed boosts along with cost reduction. We calculated the reactions of the conglomerates, as well as the government. We found that the primary effects of foreign entry in the Philippines were responses from the incumbent companies in the forms of rapid infrastructure investment and service improvement. We classified responses into “direct constructive” and “indirect constructive” on the basis of the effective projected quality of goods and services after a foreign company enters the market. This paper moreover discusses the politicization of the telecommunications industry where the actions of the public sector are highly dependent on the government. Recommendations include open collaboration between the public and private sectors while maintaining competition to increase the quality of goods and services.

Keywords: Philippines, telecommunications, private institutions, policy

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I. Introduction

As of the present, the Philippines has one of the slowest and the most expensive internet connectivity in Asia. With the increase in demand for internet connectivity, this issue continues to worsen especially during the COVID-19 pandemic, where online services become the sole form of communication. As these services extend to almost all forms of instant transaction such as banking and retail, disruptions, or even intermittent downshift of the speed at which these are performed, significantly hinder rapid response, specifically during periods of rapid disaster management. With the arrival of a new competitor in the market, the effects of infrastructure-related issues are perceived to be mitigated. A company partly funded by the Bank of China, DITO, previously known as “Mislattel,” has been approved for a 25-year franchise for operating in the Philippines under House Bill 7332 (Rey 2020). As this company is partly foreign-owned, possible imminent conflict between the company and its potential consumers is also discussed. For these reasons, it is imperative to investigate the origins and factors that influence the entry of this rising competitor. This paper has the following objectives:

- To investigate the attempts of foreign companies in their entry in the Philippine telecommunications market; and
- To enumerate the responsibilities of governing bodies, as well as the aspects involved with regard to foreign companies’ approval.

By identifying the factors that contributed to the entry of DITO in the market as well as those involved in the government’s role in the emergence of the company, these can be utilized by future investors in telecommunications service, as well as towards identifying market responses due to the introduction of new competitors.

II. The Philippine Network Industry: History and Private Ownership

The Philippine private telecommunications sector has endured a long history of reform since the early 1900s when PLDT (Philippine Long Distance Telecommunications) served as the sole proprietor of telephone service in the archipelago. In 1992, 2G service was released, where the short-messaging service for mobile phones was introduced. The monopoly of PLDT caused a significant lag in ICT development in the country, where the telephone penetration rate was under 4 percent in 1999 (Kim 2003). After liberalization of telecommunications markets via the implementation of Executive Order (EO) 59 in March 1993, additional private competitors such as Smart Communications and Globe

Telecom entered the market, significantly increasing the number of subscribers to 3.1 million in 2001 (Kim 2003). Following the boom of SMS, multimedia service (MMS) was introduced but adoption was slower than the former due to the higher costs of operation (Lallana 2004).

After the success of text messaging and multimedia messaging, the country adopted the usage of broadband internet as one of the main forms of communication. Philippine internet connectivity began in 1994 with the Philippine Network Foundation (PHNet) along with the first commercial internet service provider (ISP) Mosaic Communications (ITU 2002). where the first established internet connection was publicly funded by the Department of Science and Technology (DOST) in collaboration with Philippine universities including Ateneo de Manila University (AdMU) and the University of the Philippines (UP) (PHNet 2011). According to the report by the International Telecommunication Union in 2002, subscribers could connect to the internet by means of cable modem, asymmetric digital subscriber line (ADSL), and fixed wireless systems (ITU 2002). With the adaptation of the internet towards instant communication, shifts in messaging service via internet became more evident. There was a further transition from SMS message servicing to broadband in just around a matter of a decade, and cell service providers such as Globe, Smart, and PLDT also explored the expansion of their offers towards being internet service providers (ISP), with companies offering bundle internet and landline subscription. Internet connection was coupled to landline subscription as a postpaid service, with the aim of increasing consumers of the latter subscription. Internet connection was also made available via prepaid plans, where the SIM card is inserted into a dongle connected via a USB on the computer, which acts as a wireless internet access antenna.

Currently, the options for internet connection fall under 2G, 3G, 4G, 5G, and LTE. Briefly, 2G began in 1992, and involved text messaging service (GSMarena n. d.). The subsequent adoption of 3G in the country began in 2008 where video call was enabled (Phys 2005). Support for the 4G network for modern smartphones was enabled after its launch in August 2012, which was done by SMART Communications, enabling high-speed internet (Smart Communications 2012). Long-term evolution (LTE) availability was launched around the same time in Aklan Province. However, in 2019, Globe was able to first release 5G broadband service in the country, as well as in Southeast Asia (*Manila Standard* 2020).

III. Mobile Consumption

After the introduction of analog and, subsequently, digital cellular phones for SMS, the mobile density in 2004 (number of telephone connections for every one hundred individuals) reached 27.77 percent, which is 25 percent higher than that of 1999 (Lallana 2004). The increasing number of subscribers from 6.45 million in 2000 to 167 million in 2019 is shown in Figure 1 (Ceicdata 2020). Rural regions also benefited from the availability of SNS, which is an indispensable tool for communications within the family (Pertierra 2007).

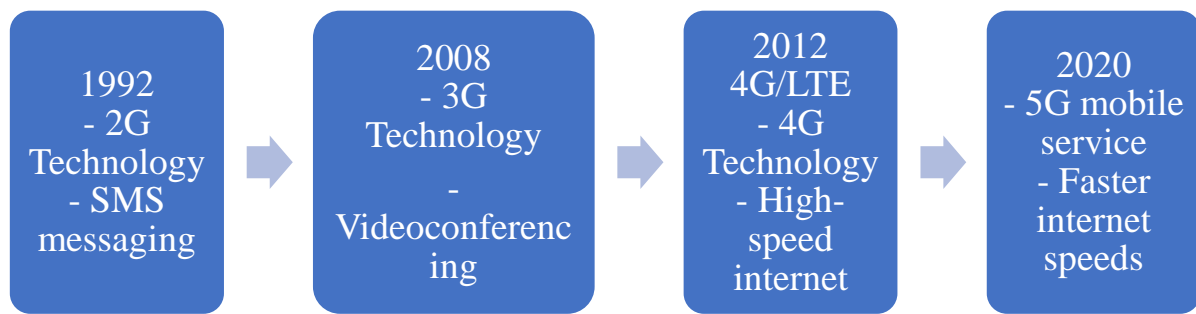


Figure 1. Timeline of mobile internet access in the Philippines

Demand for Philippine mobile network subscription has rapidly risen since the early 2000s. The growth of mobile phone subscribers has reached around 167 million ever since 2008, as shown in Figure 2. The Philippine telecommunications industry is currently dominated by two conglomerates: Smart-PLDT and Globe Telecom. As early as 2001, while PLDT monopolized the landline sector, the mobile phone market was overtaken by Smart Communications and Globe Telecom, forming a duopoly, as shown in Figure 3.

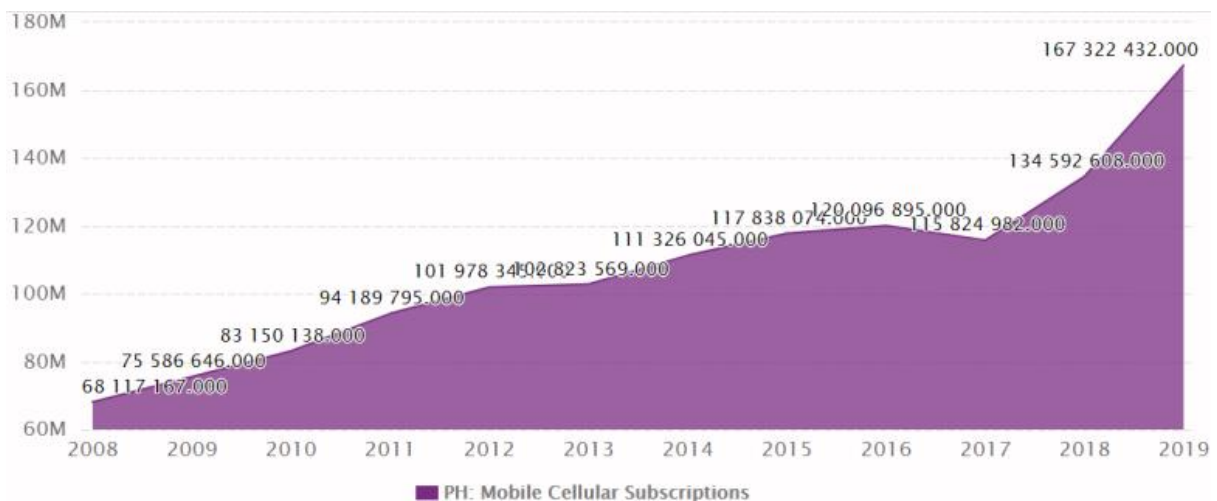
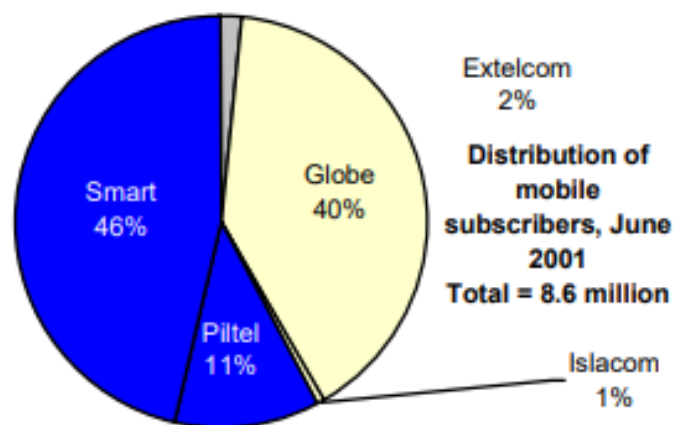


Figure 2. Number of Philippine mobile phone subscribers from 2008 to 2019 (in millions) (Ceic Data, 2020).



(a)

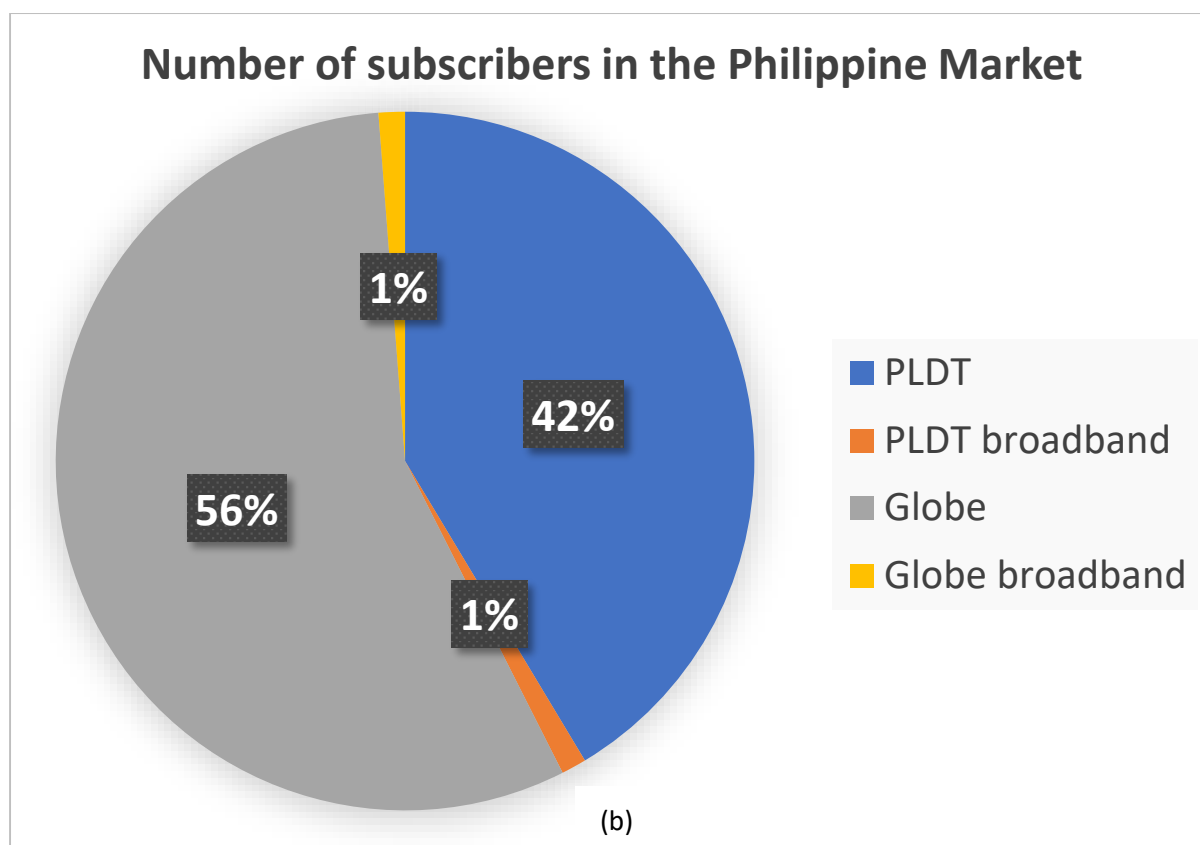


Figure 3. (a) Percentage of the number of mobile phone subscribers in private companies within the mobile phone market, 2001 (ITU, 2002) and (b) in 2020 (Trade.Gov, 2020)

Despite the many initiatives of the government in the early 2000s to boost internet connectivity through construction of additional infrastructure, problems still exist for the current connectivity. The number of internet subscribers only reaches, in case of the number of broadband subscriptions, around 11.9 percent, as shown in Table 1.

Table 1. Philippine ICT situation from 2010 to 2016 (individuals in millions), adopted from (Board of Investors, 2018)

Fixed Broadband Subscriptions per 100 Inhabitants	7.6	8.4	9.0	9.9	10.1	11.2	11.9
Percentage of Households with Computer	35.9	37.9	40.1	42.4	44.0	45.6	47.5
Percentage of Households with Internet Access at Home	30.0	33.4	37.9	41.8	45.1	49.0	52.3
Individuals Using the Internet	2,014	2,216	2,459	2,660	2,931	3,207	3,488
Individuals Using the Internet per 100 Inhabitants	29.2	31.7	34.8	37.2	40.5	43.8	47.1

In terms of market competition, additional private companies participated in the market as ISPs including Globe and Bayantel. However, PLDT still holds the largest market share as an internet service provider, holding over 60 percent of the total shares, as shown in Figure 4. This shows the dominance of the company in both the mobile and the internet sector, with around a 59 percent market share.

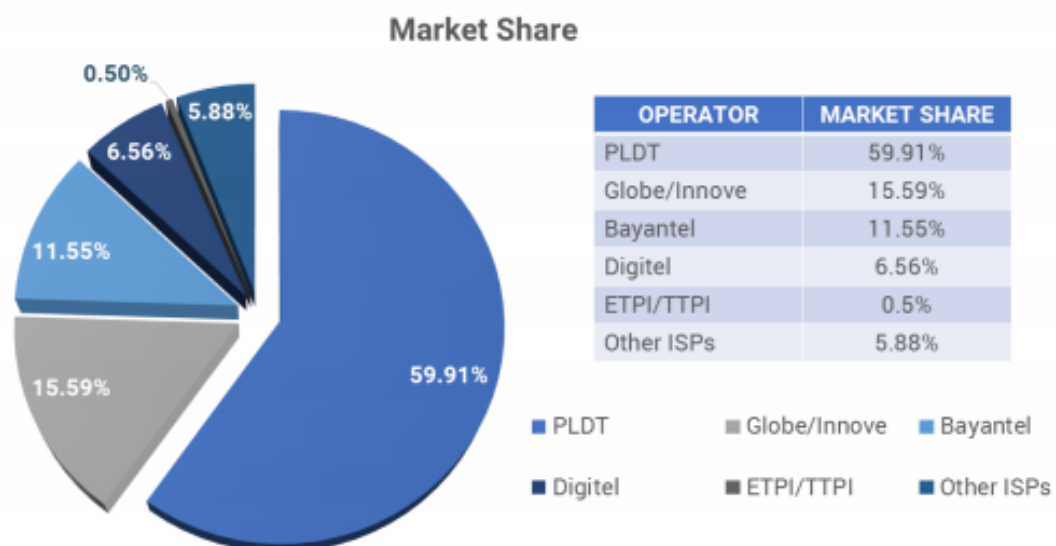


Figure 4. Market share 2013 (DICT, 2017)

As seen in Table 1, even though there is an increased number of options that cater to the increasing demand for internet connectivity, the number of connected individuals per household still does not exceed half. One of the reasons for the low percentage of subscribers per 100 people can be traced to the high prices of internet connection in the country. In 2013, the Philippines has the most expensive internet service in Southeast Asia, shown in Table 2. The country also has the highest landline and postpaid mobile broadband subscription prices. In 2015, for instance, the price of a mobile postpaid 1-gigabyte data plan is 19.67 US dollars, whereas for Indonesia the cost amounts to 4.11 US dollars for the same connection speed (ITI 2016).

Table 2. Price (in USD) of ICT services in South East Asia (ITI, 2016)

	Fixed Telephone	Mobile Cellular	Fixed Broadband	Mobile broadband, postpaid handset-based	Mobile broadband, prepaid handset-based	Mobile broadband, postpaid computer-based	Mobile broadband, prepaid computer-based
Brunei Darussalam	18.91	29.6	78.28	33.72	30.11	33.72	20.09
Cambodia	9.81	16.16	30.55	7	7	12.73	12.73
Indonesia	9.54	16.38	48.92	12.54	5.7	12.54	11.4
Lao PDR	12.01	17.84	41.65	12.82	0	16.02	0
Malaysia	17.99	14.2	41.52	23.91	23.91	30.2	30.2
Myanmar	-	-	-	-	-	-	-
Philippines	36.15	22.24	51.59	25.77	25.77	51.38	25.77
Singapore	9.1	9.04	20.58	32.97	12.4	20.58	0
Thailand	14.55	12.61	52.85	24.51	24.51	32.71	36.31
Viet Nam	4.44	8.81	7.15	-	-	-	-

The current minimum wage in the Philippines is reported to be 445 pesos daily (DOLE 2019). Assuming the least expensive monthly postpaid computer-based plan of 999 pesos (20 USD) (Smart 2020), the subscription alone contributes to 9.7 percent of the total monthly income. Compared with a KartuHalo promo from Telkomsel, an ISP in Indonesia, the plan costs 100 IDR, which is approximately 0.3 pesos per month (Telkomsel 2020), despite the Indonesian minimum wage being comparable to that of the Philippines (TradingEconomics 2020).

In addition to the relatively huge costs of the internet service, the Philippines also admits to having one of the slowest connection services in Southeast Asia (Roberts and Hernandez 2014), with a 1 megabit per second difference compared to India while ranking 100th in terms of internet speed. The primary cause for the slow internet speed in the country is the severe lack of infrastructure. As the demand for internet connectivity increases (with 73 million subscribers as of 2020), internet quality becomes a significant issue (Sanchez 2020). According to Albert et al. (2016), one of the other causes of increased costs for the same connection speed is the occurrence of Internet Exchange (IX), which involves the sharing of data between ISPs instead of establishing fewer connections through private transfer (Albert et al. 2016). Physical and social factors also contribute to the slow progress of connectivity improvement. According to the 2016 report by Salac and Kim (2016), the main reasons for the slow infrastructure

improvement involve geographical difficulty, bureaucratic procurement, and connection monopolization (Salac and Kim 2016). Since the Philippines is an archipelago, the construction of cell towers for connectivity within the islands is more challenging than installation in a region within a wider land area. Moreover, Salac and Kim (2016) stated that the government at that time also hindered infrastructure development due to bureaucratic structures, or red-taping. This is exacerbated by the current duopoly of the entire communication service, in which potential entrants could be met with agreements benefiting the incumbent operators.

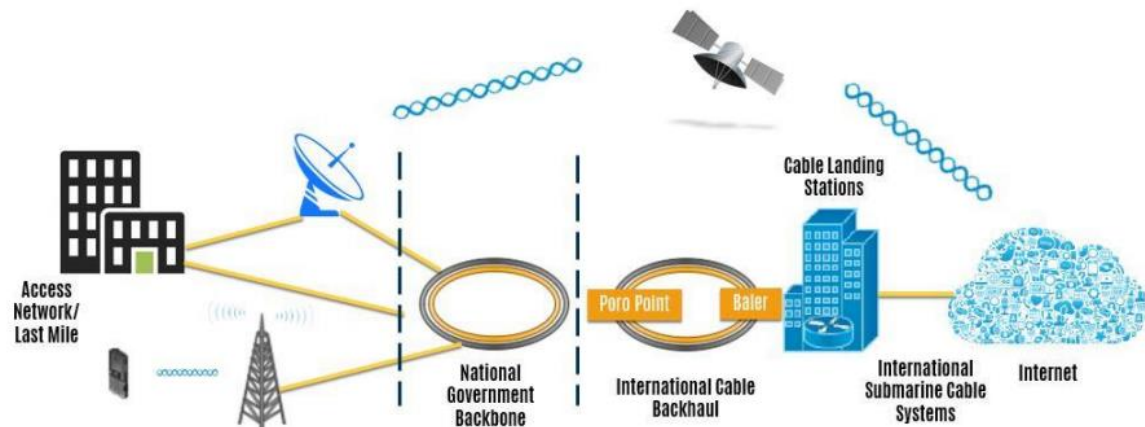


Figure 5. Philippine Network Architecture Adopted from (Department of Information and Communications Technology, 2017)

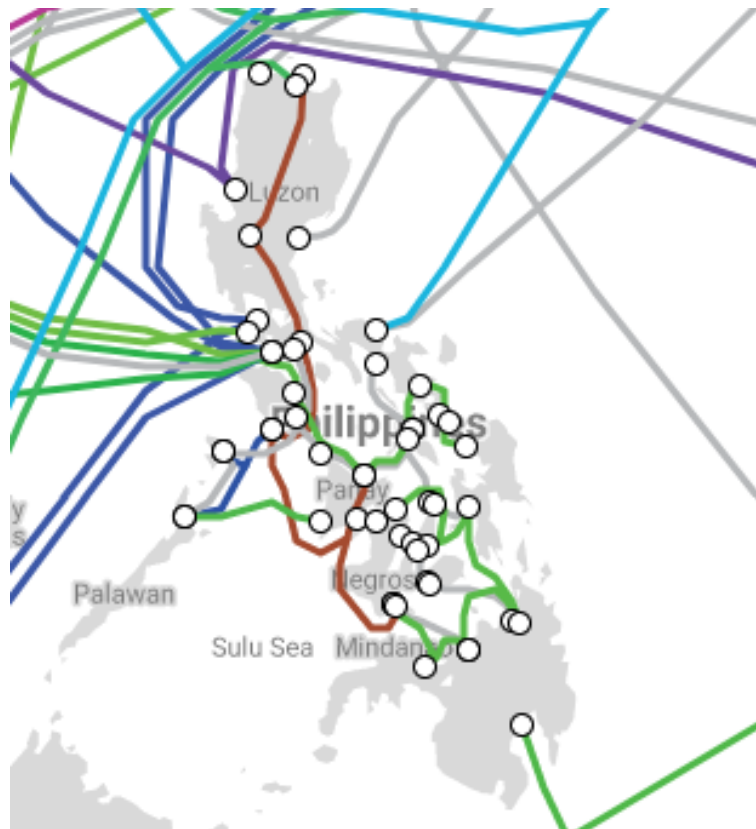


Figure 6. Submarine cable networks in the Philippines (SubmarineCableMap.com, 2020)

IV. Current Technologies in the Philippine Network

In the study of the Bureau of Information in 2016, current Philippine connectivity is reliant on three major telecommunications infrastructures: satellites, submarine cable systems, and radio masts and towers (Philippine Board of Investments (BOI) 2018). The overall network architecture is shown in Figure 5, where the main international cable backbone at Poro Point and Baler and its connection with the national government network backbone for internet access are shown. Communication systems with the use of satellites were employed by the Philippines mainly through the Philippine Communications Satellite Cooperation (Philcomsat 2020), a mostly privately owned subsidiary of the Philippine Overseas Telecommunications Corp. Satellites are utilized for long-range communications including maritime and television broadcast and are essential for linking between far-flung regions. In terms of satellite-based internet broadband, Philcomsat, together with a private Australian company Speedcast, is the main provider (Philcomsat 2020). Satellite-based communication through a Wi-Fi installation project Pipol Konek enabled the installation of 2,708 access points with the assistance of Republic Act 10929 (Liay 2019). SMART-PLDT has also utilized satellites for broadband transfer with its own control center (Smart Communications 2020) to enhance international communications. Submarine communication systems make use of long sealed fiber optic cables situated deep under the ocean in order to transmit data internationally, as shown in Figure 6. The Philippines has nine cable landing stations all over the archipelago, which is also dominated by the duopoly of PLDT and Globe (Submarine Cable Networks 2020). In 2017, the Bases Conversion and Development Authority (BCDA), a publicly owned firm, also established two major submarine cable landing stations in Luzon in collaboration with the social media company Facebook, which provides an additional connection of around 2 Tbps spectrum (Qiu 2017).

V. Foreign Attempts at Entry in the Philippine Communications Market

Due to the increasing demand for faster, more affordable internet, foreign investors also placed their interest in competing within the Philippine market. Telstra Corporation, an Australian network company, initially sought potential in the Philippine telecommunications market in 2016 (Marcelo 2018). Along with the conglomerate San Miguel Corporation (SMC), the potential installation of additional infrastructure utilizing the 700 MHz frequency band was negotiated under the present dominance of PLDT-Smart and Globe in the concurrent market (Albert 2016). Since the introduction of other competition would lead to lower profits for the present telco oligopoly, legal action was taken against Telstra, where the company eventually did not push through with the investment. First investment attempts of foreign-owned telecommunications companies that aim to improve these services faced hostile responses from the current conglomerates (Marasigan 2015). Other reasons include the legislation contained in Republic Act 7042, or the "Foreign Investments Act of 1991" in 2016, which states that only 40 percent of telco ownership is possible (BOI 1991). In addition, the requirements imposed by DICT including an initial investment amounting to at least 10 billion pesos, along with a five-year experience within the telecommunications service reinforce the decision to not invest in the country

(Marcelo 2018). Other telcos that have pulled out or been rejected from the market include Telenor from Norway, KT Corp from Korea, and Viettel from Vietnam (Lema and Morales 2018).

With the aim of addressing the increasing demand for better connectivity, a third telco, China Telecommunications Corporation, or China Telecom, consolidated its deal with the Department of Information and Communications Technology (DICT) in establishing its own submarine cable network (Valdez 2018). In terms of radio masts and cell towers, over 18,000 were installed within the country, as of 2020 (Barton 2020). Around 50,000 additional towers are to be built to enhance wireless broadband connection. As a result, DITO, under its owner Dennis Uy, an associate of the Philippine president Rodrigo Duterte, has succeeded in entering the market competition and establishing plans to increase connectivity in the country. The company is the first foreign-owned network in the country, under the consortium Mindanao Islamic Telecommunications Corporation (Mislattel) to which the firm Udenna Corporation of Dennis Uy also belongs. In 2018, Mislattel was declared the new major player alongside the concurrent duopoly (Cabuenas 2018). In 2019, Mislattel was renamed the DITO Telecommunity Corporation, which possesses the 700, 2,000, 2,100, 2,500, 3,300, and 3,500 MHz frequency bands, applicable to LTE and NR connectivity (Cabuenas 2018). The corporation plans to set forth its own submarine network with a budget of 5.4 billion United States dollars (USD), 500 million USD of which is provided by the Bank of China. The company was set to commence operation in March 2021.

According to DICT, DITO is already constructing 1,300 cell towers, and 1,502 towers are already approved, which equates to around a total of 6,000 constructed towers from 2019 to 2020 (DICT 2020). As of September 13, 2020, DITO has already constructed 859 cell sites (Camus 2020). However, unlike Telstra, DITO did not face numerous criticisms from the government during its entry. SMART and Globe even received threats from the president of shutting down the two companies due to their poor performance. With the aforementioned cases that turned to the favor of DITO, and also of the duopoly, there will be smaller obstacles they could encounter when developing their infrastructure.

VI. Entry of Chinese Telecommunications Companies: The Case of Zong in Pakistan

China Telecom initiated its expansion in the telecommunications industry in Pakistan under the directive of the One Belt and One Road initiative. In this initiative, the Chinese government aims to encourage merging and acquisition practices as a form of internationalization for the increase of its competitive advantage (Gnomblrou 2019, pp. 1-17). The bid for Paktel, the major telecommunications company of Pakistan at that time, was successful in 2006 where 89 percent of the holdings were obtained. In 2008, holdings increased to 100 percent and the company was renamed Zong. In 2017, approximately 20 percent of total subscriptions in the country belong to the company (PTA 2017, p. 50). In order to succeed in entry, legal requirements are posed by the Pakistan Telecommunication Authority, in which licenses to operate were the only requirements.

Contributing factors in the success in the acquisition by China Telecom of the Pakistani company leading to its entry involve those in which China and Pakistan have had successful agreements in trade and

business in general, with around 911 million USD worth of investments in Pakistan (Gnomblerou 2019, p. 9). Moreover, Pakistan has been regarded the most favored nation (MFN) by the Chinese government, in which the country has been prioritized in respect of trading. With the history of trading between China and Pakistan, as well as this designation between the two nations, these could have fueled the approval for entry of Zong in the Pakistani telecommunications market.

Such historical strong trade relations between mainland China and the Philippines were also present, but not at the level of MFN in Pakistan. In terms of Chinese telecommunications, DITO, if accepted, would be the first foreign-owned company to enter the communications market. As for Philippines-China trade, China is the fourth-largest importer of goods from the Philippines, amounting to 8,699 million USD, or a 12.89 percent partner share. However, China is the top exporter amounting to 22,579 million USD (WITS 2021).

In terms of government intervention, the internationalization of China Mobile as a conglomerate was heavily influenced by the government in its Belt and Road initiative. The “Going Global” endeavor encouraged the company to increase the amount of its foreign holdings. On the side of the Pakistani government, its merge and acquisition policy regulation stated that foreign entry in the local market can be approved either (a) if the entry would not raise concerns over competition decrease among the concurrent businesses, or (b) if the entry would prove to be beneficial to the “efficiency or production of goods and services” (Competition Ordinance 2007, Sec. 11). Another reason for encouraging the merge is that the purchase by China Mobile of Paktel would include its USD 460 million debt (*Wall Street Journal* 2007). In comparison, the Philippine government also had legislations that encourage those aiming for foreign direct investment in the country, particularly DITO, as will be discussed in the next section.

VII. Legislation Changes for Foreign Companies

In response to the longstanding oligopoly, several branches of the government contributed to the hastening of procedures necessary for the application and approval of local and foreign-owned businesses as these attempt to enter the telecommunications market. For instance, DICT is responsible for the “primary policy, planning, coordinating, implementing, and [acting as the] administrative entity of the Executive Branch of the government that will plan, develop, and promote the national ICT development agenda” (DICT 2015). As the department concerned with the formation of regulations for the general improvement of communication, it headed the National Broadband Plan, wherein these regulations aim to “reduce the requirements and simplify the procedures required for the entry of market players who want to build and operate internet-based networks” (DICT 2015) and organize installation of free Wi-Fi in public places, as part of the AmBisyon Natin 2040 vision. DICT coordinates with the National Telecommunications Commission (NTC), which is responsible for the regulation and supervision of “public telecommunications services,” including broadband networks (NTC n.d.). Since both departments are under the management of the president, any direct orders coming from the executive would be heeded. Another recent reform of reducing the cell tower approval from 241 to 16 days was

implemented by DICT alongside the Anti-Red Tape Authority under the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, which further boosted the infrastructure development (Masigan 2020). Moreover, consumers would be benefited by the enacted Bayanihan 2 Law, which would grant a 60-day grace period for the payment of utility loans for consumers. The law also sped up the construction of cell towers since, for a three-year suspension period, the building permit alone can be used to secure legal establishment (Rojas 2020). The reformed law benefits the current conglomerates as well as DITO as they increase capital expenditure. With these reformed legislations set, the ease of doing business could increase due to the relaxation of imposed requirements to new local or international entrants in the market.

VIII. Discussion

a. Physical- vs social-based hindrance in development

The telecommunications infrastructure development of a country heavily relies on the cooperation of the government and the current private sector. Legislations are set forth by DICT and DOTC, as executed by the president, in order to manage the activities of private businesses. In the case of the Philippines, however, low service quality caused by poor infrastructure development is a longstanding issue. We see that, from the first use of mobile phones in the early 2000s until the transition towards LTE technology in the 2010s, the services provided by local private companies significantly lagged in comparison to those of neighboring countries. The reason for this can be classified as institution-based issues, since these merely involved lack of coordination within the governing bodies with those responsible for infrastructure construction, as compared with the challenge of construction due to archipelagic geographical separation. The effect of monopolizing the internet is shown in the for-profit exploitation of expensive data transfer schemes that compromise the quality of the connection the end consumers deserve. For example, a 100 Mbps plan in the Philippines would have an average cost of around 56 USD, which is the fourth-most-expensive plan with the highest at 87 USD in South Africa and approximately 21 USD in Thailand (Moneymax 2020). The problems of slow internet connectivity reported by Salac and Kim, institution-based issues of government bureaucracy, and private company duopoly are those that can be resolved with the proper initiative from either side. When the government reformed its legislation such as within the National Broadband Plan, which caters for foreign-owned network service providers, these problems were mitigated but the forthcoming investment was filled with controversy, which triggered the incumbent conglomerates to react.

b. Direct and indirect constructive responses of the duopoly

When a new entrant in the market arises, reactions coming from the incumbent institutions could be characterized into direct constructive and indirect constructive responses, defined in the following. For the former, goods and services (e.g., infrastructure) of the existing company visibly improve upon the entry of a new company by direct collaboration between the incumbent company and the foreign entrant. This signals a complementary reaction to the entrant, allowing for overall development. For the

latter, however, the entrant is hindered by inciting opposition, in a way that the incumbent companies attempt to improve their own goods and services in order to increase competition, improving, however, the overall quality of the infrastructure.

An example of a constructive response to a foreign entrant is that of Huawei in the Egypt market. The Egyptian telecommunications system is similar to that of the Philippines, where the former also had a longstanding duopoly of Mobinil and Vodafone Egypt before Etisalat entered in 2006 (*China in Africa: A Strategic Overview* 2009). The Chinese telecommunications company Huawei entered Egypt in 2000 and undertook various projects alongside Telecom Egypt, the state-owned telephone company in the country (Ahram Online 2016). One of these projects involves telephony expansion towards Suez Canal regions, which are considered remote.

An example of an indirect constructive response is when DITO successfully penetrated the investment market, the conflict between network service improvement and the possible avoidance of a potential security breach became the main issue. The reactions of the duopoly commenced as DITO began aggressively investing in infrastructure reflected in their consequent service development, both in cell tower construction and cost reduction of network upgrades. These companies showed that they can respond to an incoming player through infrastructure improvements, and these investments themselves proved that these incumbent operators did not have a financial issue as their main concern. Instead, the motivation of the duopoly was to mitigate the threat of competition due to the speculated improvement in network connectivity. The projected internet speed claimed by DITO would be 27 megabits per second, which is 7.6 percent higher than the July 2020 fixed broadband speed (Amadora 2020). From the perspective of the consumers, these improvements from the incumbent companies result in an overall gain of the subscription quality.

c. Politicization of telecommunications development

From the rapid service improvements of SMART-PLDT and Globe in response to increased competition, it can be stated that the increase in government-led allowance of foreign direct investment directed these conglomerates towards the possibility of better service.

Having DITO as a pioneer of foreign direct investment in the Philippine telecommunications industry shows the ability of the government to significantly alter the market. One of the main factors for the success of DITO's entry in the competition is its allegiance with the president, which was not present in the Australian company Telstra. In the case of DITO, even the speculated data breach due to the planned construction of cell towers near military bases was defended by the president (Reed 2019). Thus, it can be stated that the Philippine telecommunications market is highly volatile due to political influence since the government can freely promote companies as long as they are in line with the agenda of the administration.

Poynter's (1982) paper about government interventions in less developed countries confirms these points. In his paper, the author was able to point out two arguments. The first is that the host

government maltreats foreign companies when the government comes to making decisions to intervene. Where across-the-board intervention policies exist, the maltreatment takes the form of various degrees of enforcement. The second one is these interventions are not a fact of life beyond the control of the companies. Government behavior in this regard can be partially described in terms of particular corporate characteristics and policies that can mostly be manipulated to reduce intervention (Poynter 1982). However, in the case of DITO, the government adjusted the legislation not to hinder but to encourage the foreign investment to push through with the entry. Aside from enforcing ease-of-business-related legislation amendments with regards to foreign entry, the entry itself has to bring forth incentives once the foreign company finally undergoes full operations. The government can also initiate tax breaks for all private telecommunications companies, as well as those that would attempt to enter the market to encourage further competition, allowing for additional improvement in the infrastructure. Bureaucratic procedures could be hastened, such as that of cell tower construction, in order to expedite other investors to participate in the telecommunications field.

IX. Conclusions and Recommendations

This paper explores the factors affecting the dynamics of entry of the Chinese telecommunications company DITO in the Philippine market. It also discusses foreign attempts at market entry, as well as the reactions of the current conglomerates to these attempts. It investigates the case of Pakistan in the context of the state government facilitating the entry of China Telecom. And it classifies responses to such entry as either direct or indirect constructive,

Since DITO has not yet officially entered the consumer market, a challenge for the government is to establish coordination with the private sector, especially with SMART and Globe, in hastening the connectivity between far-flung areas, since these are the ones in dire need of connectivity, especially in the case of the COVID pandemic wherein classes have transitioned into online instruction. Coordination with other departments, such as the Department of Environment and Natural Resources (DENR) as well as the Department of Social Welfare and Development (DSWD), should also be conducted as local communities would be affected by the construction of large-scale infrastructure. The role of the current telco providers, on the other hand, may be furthering its consistency with their current investments. The main role of DITO as a service provider is to coordinate with the government in ensuring the public of its safety with its subscription. In gaining trust from the public, PLDT-SMART and Globe should consolidate their expansive goals as well as their promises of improving the current connectivity situation. As for DITO, prioritizing collaboration with locally recognized institutions should be achieved while maintaining similar quality of service. Aside from social factors, the geographical condition of the country such as its propensity to encounter typhoons should be considered. Failure to do so would greatly hinder the growth of the company despite its claims of significant network improvement.

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