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Turkmenistan Tries to Resurrect Mobile Phone Sector

By The Moscow Times

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ASHGABAT, Turkmenistan — Turkmenistan has signed deals with international telecom equipment makers to help improve the service provided by the energy-rich Central Asian nation's beleaguered mobile phone monopoly, officials said Friday.

The mobile phone sector in this isolated ex-Soviet nation was dealt a devastating blow last year when authorities pulled the license of Russian-owned operator Mobile TeleSystems, leaving about 2.4 million subscribers without service. Turkmenistan's Communications Ministry said the agreement with China's Huawei Technologies and Finnish-German venture Nokia Siemens Networks would enable it to increase capacity at the country's only remaining mobile phone operator, Altyn Asyr.

President Gurbanguly Berdymukhammedov last month criticized Altyn Asyr, which currently serves more than 1 million users, saying that "bungling" at the state-owned company was harming its efficiency. Turkmenistan's communication authorities unexpectedly revoked

MTS's license in December, saying the company's operating agreement had expired. MTS claims its license was valid until early 2012.

Many households are heavily reliant on mobile communications in this authoritarian former Soviet state, where landline connections remain outdated and inefficient. The disappearance of MTS from the local market prompted overwhelming demand at Altyn Asyr, which company representatives privately admitted they were unable to meet. Altyn Asyr has since limited the sale of SIM cards to one per customer.

At a government meeting in February, Berdymukhammedov said at least three private mobile phone companies were needed on the local market to foster competition and boost the provision of telephony and Internet services. While allowing for international involvement in mobile phone companies, he added that foreign investors would not be allowed to own more than 50 percent in the providers.

Moscow-based Renaissance Capital analyst Alex Kazbegi said foreign investors were unlikely to risk entering the market any time soon. "The experience of MTS points to real pitfalls in doing business there," he said.

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