

Big 4 Mobile Operators Unite for 4G Distribution

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Rostelecom, MTS, VimpelCom and MegaFon have formed a consortium that will draw up proposals for the distribution of frequencies for fourth-generation cellular telephone links.

The four companies formed the consortium for "researching opportunities and terms" for the creation of a 4G network that will relay data at speeds of about 100 megabytes per second.

The four founders have equal shares in the noncommercial union, which will be managed by a four-member council of Rostelecom president Alexander Provotorov, MTS board member and AFK Sistema president Mikhail Shamolin, VimpelCom board member and former Altimo senior vice president Oleg Malis, and MegaFon board member and Telekominvest general director Ivan Streshinsky.

The executive director of the union will be Gulnara Khasyanova, general director of Sky Link, which is controlled by the state holding Svyazinvest and is a major shareholder in Rostelecom,

sources close to the new organization say.

Khasyanova was chosen because she was a pioneer on the Russian 3G market, another source said. Under her management, Sky Link became a market leader and now earns more on data transmission than voice services. She was also suggested by Rostelecom, the company the State Radio Frequencies Commission asked to form the consortium.

The consortium has until July 1 to prepare proposals for the use of frequencies (790-862 MHz and 2.5-2.7 GHz) currently used by the military to create a 4G network to long-term evolution (LTE) standards and terms for a competition for them.

Communications and Press Minister Igor Shchyogolev said in January that the tender for the frequencies could take place before the end of the year.

The frequencies are likely to be put up for auction while still in use by the military. The winner of the tender would have to finance the military's transfer to communications on other bandwidths.

The Defense Ministry has estimated that clearing the 790-862 MHz range alone would cost 60 billion rubles (\$2.13 billion).

The consortium's task is to ensure the creation of an LTE network in the shortest possible amount of time, Malis told Vedomosti.

The ultimate goal of the consortium members is to claim the frequencies themselves, a manager close to the companies told Vedomosti.

They are prepared to take the frequencies before they are cleared, but they want the government to guarantee a return on their investment. Such guarantees could be included in the terms of the tender.

A spokesman for the Communications and Press Ministry said the consortium members have not asked for government guarantees yet.

Other companies have also expressed interest in participating in the consortium, including Sweden's Tele2. Tele2 Russia president Dmitry Strashnov wrote to Shchyogolev requesting membership on Feb. 2, but has not yet received a response.

Transtelekom is also interested in joining, the company's communications manager Tatyana Semyonova said.

A spokesman for the consortium said new members may join, but only after receiving government registration.

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