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As 4G News Nears, Rostelecom, State Prepare

By Rachel Nielsen

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Rostelecom, which has aggressively been branching out from its traditional landline business, is planning to build and deploy cellular networks in 27 regional hubs by early 2013. **Dmitry Abramov**

State-owned Rostelecom is making big plans for the mobile market in Moscow and other regions, while the government is weighing how much to bill the companies it will choose in July's selection process for the next generation of mobile spectrum.

Those developments come just as the applicants in that process — telecommunications companies ranging from the largest mobile operators in the country to new entrants in the mobile market — were announced by the Press and Communications Ministry on Thursday.

The eight telecoms include Rostelecom and Big 3 mobile operators Mobile TeleSystems, VimpelCom's Beeline and MegaFon, as well as units of Swedish operator Tele2 named Tele2-Voronezh and Tele2-Omsk, Summa Group unit Summa Telecom and national landline and Ethernet company TransTeleCom.

The selection process, in which companies aren't actually bidding on licenses but are submitting applications to be judged under the ministry's point system, will be announced July 12.

Meanwhile, Rostelecom, which has aggressively been branching out from its traditional landline business into mobile, paid television and other segments, is planning to build and deploy cellular networks in 27 regional hubs by early 2013, the company's top spokeswoman said, Vedomosti reported Thursday.

The networks will be for 3G, the current generation of cellular technology. Other major cities in the rollout include St. Petersburg and Krasnodar.

In St. Petersburg and Moscow, the networks will be built with spectrum from SkyLink, a company that Rostelecom will buy out this year from its biggest shareholder and fellow state-owned telecom, Svyazinvest.

Since the Big 3 control nearly all of the country's mobile market, Rostelecom is facing a challenge. Currently, it isn't even the fourth most-popular service provider, a slot held by Tele2. Rostelecom is aiming, however, to be the provider for 10 percent of mobile subscribers nationwide by 2015, according to Vedomosti.

That effort will be helped by its pursuit of 4G spectrum. Telecom observers expect the Big 3 companies and Rostelecom to each receive one of the four spectrum lots on offer.

Those 4G lots are currently used by the military, and the tender winners will convert the frequencies from military to civilian use. The ministry is now deciding how much this conversion should cost, Press and Communications Minister Nikolai Nikiforov told television host Tina Kandelaki on Friday, according to Vedomosti and Kandelaki. Nikiforov said opinions on the proper price ranged from 60 billion rubles ($1.8 billion) to 200 billion rubles.

He said there is also a view that "the Defense Ministry isn't even using these frequencies" — a comment that suggests they should be free.

The question of conversion price is "under the oversight" of Prime Minister Dmitry Medvedev, Nikiforov said.

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