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Chart: What to Expect in the Telecommunications Industry Next Year

By Rachel Nielsen

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Mobile services are developing at a fast clip, more Russians are using the Internet and online retailers are carving up the market — all trends this year that point to more frantic growth for the telecommunications sector in 2013.

This year has also seen scandals involving executives at state technology and telecommunications firms, suggesting that removing corruption from some parts of the industry will be an uphill battle, while management changes and restructuring are inevitable.

TREND	2012 HIGHLIGHTS	KEY PLAYERS	WHAT'S AHEAD IN 2013

Internet use	The percentage of Russians going online daily has risen to about 40 percent from 30 percent in fall 2011, state pollster VTsIOM said. Russia also has Europe's highest number of Internet users, at 59 million.	Mail.Ru, Yandex, Vkontakte, Odnoklassniki, LiveJournal, online retail, news sites	Industry experts predict continuing double-digit growth, with 80 million users by 2014 and 90 million by 2015.
Online retail	Retail has been the highest-earning segment of the Russian-language Internet, according to an HSE-RAEK report. Clothes and electronics are top sellers. This year will see 390 billion rubles ($12.7 billion) in sales, Data Insight estimated.	Molotok, eBay, KupiVIP.ru, Ozon.ru, Wikimart.ru, Yandex	In 2013, online sales will total 480 billion rubles, Data Insight said. As regular mail service improves, the shipping of online purchases could become simpler.
Internet restriction law	Under a law that took effect Nov. 1, the government acquired the power to block web content without a court order and to enlist website-hosting services and Internet service providers in such steps.	Communications and Press Ministry, Federal Mass Media Inspection Service, Federal Consumer Protection Agency	Given the raft of meetings among industry experts and the ministry's Inspection Service, the law could be further refined in 2013.
Mobile number portability	The State Duma tentatively approved MNP, under which consumers keep their phone numbers when switching providers. Consumers would pay a 100-ruble fee to their new provider.	Communications and Press Ministry, mobile operators	MNP is scheduled to take effect Dec. 1, 2013, but telecom firms are pressing the Duma for more time to update infrastructure and contracts, Kommersant reported.
Rostelecom business model	The state fixed-line phone company is branching out into mobile services, broadband Internet, paid television service, online content and cloud computing.	Rostelecom, Svyazinvest, Communications and Press Ministry	Rostelecom is accelerating competition with corporate service providers and the Big 3 mobile operators. The merger with national telecom Svyazinvest is set to close by March 2013.

Rostelecom management	Police raided the homes of Rostelecom president Alexander Provotorov and shareholder Konstantin Malofeyev in November over their personal business dealings. Communications and Press Minister Nikolai Nikiforov suggested Provotorov's ouster to Putin. Medvedev classmate Vadim Semyonov is a possible replacement.	Nikolai Nikiforov, Alexander Provotorov, Konstantin Malofeyev, Vladimir Putin	Deputy Prime Minister Arkady Dvorkovich was set to meet with the company's board Dec. 12, though Nikiforov said a management change wouldn't be discussed. The Rostelecom shareholders meeting in the spring should provide clarity.
Glonass	The head of Russian Space Systems, the agency tasked with developing the satellite tracking technology, resigned in November after an alleged 6.5 billion ($200 million) ruble fraud.	Deputy Prime Minister Dmitry Rogozin, Federal Space Agency director Vladimir Popovkin	With the government touting Glonass as a consumer alternative to GPS, there is a push to mandate it in cars, trucks and ambulances. But some analysts consider the initiative stalled.
4G mobile	Rostelecom and the Big 3 mobile operators each got one of the four lots of 4G spectrum in a government contest for which they wrote the rules. Loser Summa Telecom is challenging the tender in court.	Rostelecom, Mobile TeleSystems, MegaFon, VimpelCom, Summa Telecom	The winners must shell out a combined $1.8 billion a year until they complete the rollout by 2020. Operators will compensate the military, which is giving up the 4G frequencies. Domestic defense contractors could benefit. A partnership between Sweden's Tele2 and Rostelecom could emerge.

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