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# Broadband & Satellite Russia Newsletter

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Sources: ComNews.ru, Vedomosti.ru, Kommersant.ru

## ◆ TTK Promotes Equal Rights for TTK

Oleg Leonov, Head of Sales and Service Department at TTK Company, made a speech at the conference “Telecom 2015: Challenges of Today” which was a part of the Russian Big Media Communication Forum. He claimed that communications providers had to have the same status as other infrastructure operators in terms of access and the use of municipal and house communications.

In Russia, the rules of access to multi-family residential buildings and urban infrastructure for communications providers are not ultimately defined. To access these sites, the operators try to cooperate with the regional authorities independently. “Internet access is a basic need of people, as well as water supply and electricity. Broadband

access services are exactly as important and necessary as housing and utility services. Communications providers must acquire the same status as other infrastructure operators servicing power networks and other basic house communications,” claimed Oleg Leonov. The first step on this road, according to him, must be the adoption of the rules which will be unified for all operators to ensure non-discriminatory access to all elements of house and municipal infrastructure necessary for the network. When no rules exist, the operation of broadband access providers depends on single decisions of municipal administrations, the owners of municipal infrastructure, and this is an obstacle for the ICT market. ◆

## ◆ Frequencies to be Sold at Auction

This year, radio frequencies for mobile communications will be put up for auction in Russia for the first time. The winners will get licenses for frequency bands in the 1800 MHz range in nine regions to develop GSM (2G) and LTE (4G) standards, for a period of 10 years. The decision about the bidding for frequencies in the 1800 MHz range was taken on a meeting of the State Commission for Radio Frequencies (SCRF) on 13 October 2014. Open bidding by means of electronic auction was approved by Head of Minsvyaz Nikolay Nikiforov in the middle of May.

“It is a historic event, long expected by operators and users. The adoption and practical realization of the decision related to auctions in the 1800 MHz range is an important step towards stimulating competition on the Russian communications market”, said the Minister.

The auction announcement has already caught the interest of a range of mobile operators. The players of the Russian ICT market generally back the open bidding for radio frequencies in a form of an auction, because this corresponds to the global practice of transparent government operations. ◆

## ◆ Rostelecom will Expand GPON

The national operator Rostelecom plans to spend \$4.7 million on expanding the coverage of GPON networks in St. Petersburg, connecting 100 thousand households. By the end of 2015, the company plans to enlarge the number of households covered by GPON technology by

1.6 million (during 2014, Rostelecom covered 7.1 million households with GPON).

The results of the competition for building GPON networks for Rostelecom will be announced not later than on 15 June. The maximum cost of work for the tender is \$4.7 million including VAT. ◆

## ◆ LTE Construction Slows Down

By the beginning of the second quarter of 2015, 44.3 thousand LTE base stations were operating in Russia, according to a report by Telecom Daily. During January-March 2015, the operators installed 2.3 thousand fourth generation base stations, whereas during the 12 previous months (from March 2014 until March 2015) – 28.2 thousand stations.

In the end of the first quarter of 2015, MegaFon has the biggest number of LTE base stations – 18.6 thousand. MTS – 15.7 thousand stations, VimpelCom – 8.2 thousand, and 1.8 thousand stations more were built by other operators, namely Rostelecom and the Chechen Vainah Telecom.

The analysts emphasize that, in the first quarter of 2014, the construction was more active: at that time, the operators installed 3734 stations. The operators had to postpone the budget approval due to the fluctuating exchange rate, and this trend continues, as clarified in the agency's report. The situation was affected by the fact that large parts of the network were built last year. As a result, the construction was on hold for some time. The analysts predict that LTE networks will show the same growth rate in the second quarter as well; however, by the end of the year the mobile companies will probably come back to the previous speed of construction. ◆

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## ❖ LTE Device Sales Grow by 19%

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During the first quarter of 2015, the sales of LTE devices in Russia in monetary terms grew by 19% to \$508.4 million. Out of all the 4G compatible devices which were sold, smartphones were more than 85%.

According to the information from the retailer Svyaznoy, during the recent quarter, LTE device sales in the country grew by 7% and amounted to 980 thousand devices. According to the Svyaznoy's data,

the dynamics of sales is different for separate categories of LTE devices.

“While the smartphone segment shows positive development dynamics, the market volume for tablets is being reduced. Apart from the overall saturation of the tablet computers market, the reasons include the growing number of phablet sales, as well as the aspects of tablet application by users,” as stated in the Svyaznoy's release. ❖

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## ❖ MTS Borrows \$200 Million from China

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The leader of the “big three” Russian mobile operators, the Mobile TeleSystems company (MTS) took out a 7-year loan of \$200 million from the China Development Bank. The operator plans to spend the money on purchasing telecommunications equipment and services of the Chinese company Huawei.

The line of credit opened by the China Development Bank for MTS will be divided into two equal tranches, \$100 million each.

“Entering into the agreement is a result of MTS efforts to attract funds and continue the diversification of credit instruments. We are satisfied with the initial results of our cooperation with the China Development Bank and we expect to establish a long-term and mutually beneficial relationship”, said President of MTS Andrey Dubrovsky. ❖

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## About Us

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ComNews is the major Russian publisher of business periodicals in the ICT industry and the main worldwide supplier of unbiased accurate information about the Russian ICT business.

ComNews has launched numerous projects in order to deliver unbiased, up-to-date and complete information about the Russian ICT industry across the former USSR countries and worldwide.

ComNews publishes business periodicals, provides companies with exclusive content, studies the market, and holds business events.

ComNews caters for every need for business information and communications of the players in the market of telecoms, broadcasting and IT.

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500 clients including major Russian and international ICT companies

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15 years in the market, offices in Moscow and St. Petersburg

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