

Putin Orders Mobile Coverage on Federal Highways by 2013

By [The Moscow Times](#)

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Shortly before ending his term as prime minister, Vladimir Putin signed an order stating that cellular communications operators need to provide coverage along federal highways by the end of 2013.

The Communications and Press Ministry will be responsible for carrying out the instructions. The Transportation Ministry will have to build access roads to antenna towers, and the Energy Ministry, with the help of the Federal Grid Company and Russian Railways, is mandated to supply electricity for the project.

The government has allocated 2 billion rubles (\$67 million) to help alleviate the costs of providing access and electricity.

This is the same process by which mobile service was set up for the Amur (Chita to Khabarovsk) road last year.

Putin said in August 2010 that coverage should be provided for the Amur road. In February 2011, the Big Three operators — VimpelCom, Mobile TeleSystems and MegaFon — agreed with the Communications and Press Ministry that the operators would jointly build and run the network infrastructure and that the state would provide the access to and power for the antenna towers.

In the end, the operators spent 2.4 billion rubles on that project, while the electricity provider spent 2 billion rubles, which was compensated from the state budget. Another 300 million rubles was spent by the government to build access roads.

By the fall of 2011 the entire road had mobile coverage, after which the ministry began to apply to other governors asking them to organize mobile coverage for the federal roads in their regions, according to a source at one of the mobile operators.

In April of this year, Deputy Prime Minister Vladislav Surkov said during a meeting about the Glonass project that the government is ready to allocate 2 billion rubles for providing coverage on federal roads.

This relates to the fact that by 2015 all new locally manufactured cars are supposed to have the Era Glonass system installed, which will use the mobile network to transmit the location of an automobile accident to the emergency services. Europe currently has a similar system called eCall.

VimpelCom is aware of the government's plans concerning coverage of highways, said Anna Aibasheva, a spokeswoman for the operator. Now VimpelCom and the other operators are designing the technical specifications, but they are not yet ready to confirm the expected cost, she added.

Federal highway coverage is a "social welfare" project, Aibasheva said, and it would make sense to use the "universal" funds that have been collected by the ministry from all operators and set aside for providing services to the entire population, and to include all mobile providers operating in the country in the highway project. All operators now pay 1.2 percent of their turnover into the universal fund.

Service coverage for these highways is a loss-making venture for the mobile operators. The time frame for return on investment for the Amur project is 22 years, said Yevgeny Solomatin, development director at Kominfo Consulting. Any mobile project with an ROI period of more than 10 years is a loss maker, he said.

In Solomatin's opinion, another fund like the universal fund should be created to finance such projects.

If the state wants mobile telecommunications to work even in regions where it is not profitable, then operators have the right to expect compensation from the government and it's only logical to use the universal services fund, a senior executive at MTS said.

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