
Independent Study on the Information Society in Russia and NIS

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- The contents of this document are the sole responsibility of the authors and do not necessarily represent the opinions of the European Commission**

Political Intelligence

- ❑ Research and public affairs consultancy
- ❑ Conducts research on impact of legislation for major international telcos and Internet companies
- ❑ Two studies for the European Commission – numbering and local loop unbundling
- ❑ Contracted to European Parliament for ICT research
- ❑ Working with IIS in Russia and Internews/GIPI in the NIS
- ❑ Previously worked on Southern Caucasus with GIPI for Eurasia foundation on E-Commerce regulation

EU and Russia & NIS

- Cooperation dating back to 1997 with Russia
- Neighbourhood Policy
- Trade negotiations
- Information Society Dialogue with Russia
 - Predictable, competition-encouraging technology-neutral environment
 - Promoting a favourable business environment

The Study

- Four reports undertaken over a two-year period
- Covers Russia, Ukraine (Priority 1) and Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan and Moldova (Priority 2)
- Covering communications and electronic commerce
- Key statistical indicators for use of communications technologies and e-commerce
- Main regulatory initiatives
- EU policy/approach used as the common baseline to compare all countries

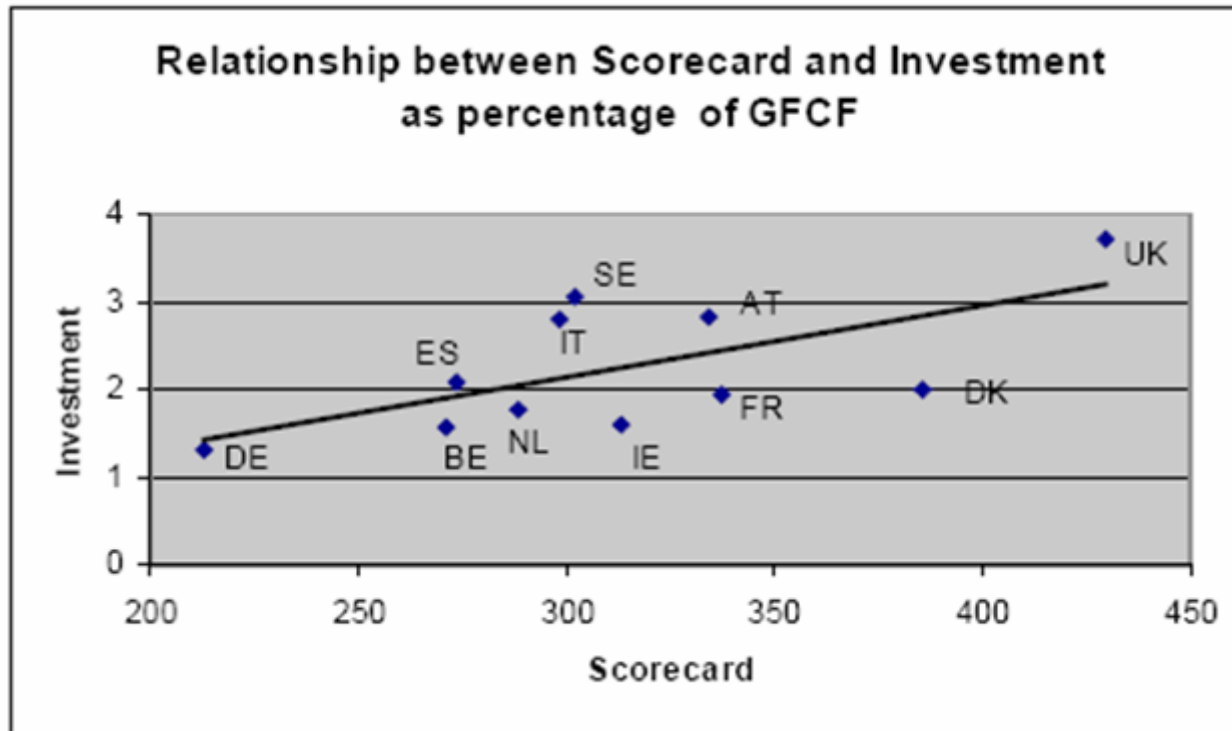
Results

- Wide-ranging best practice spread evenly across all eight countries
- Significant degree of common problems
- Considerable potential for cooperation and sharing of best practice
- Many problems similar to those experienced in the EU (OSI vs TCP/IP!)
- Similar policies produce similar results, regardless of location
- “It could only happen here” is never true

Knowledge is power

- Policy proposals can be measured against experience elsewhere to assess likely outcome
- Almost everything is being done successfully in at least one of the eight countries
- Key problems, as in EU are governments trying to protect national telco
- Sovereign states make their own choices – sharing experience allows these choices to be made with greater awareness of possible consequences
- Experience shows that all companies rise on a tide of competition. The most successful EU telcos are the ones subjected to the strictest regulation (that they opposed) domestically

Knowledge is power (2)



ECTA Scorecard 2005 (<http://tinyurl.com/kaohw>)

Key Issues

- *“Experience is the name everyone gives to their mistakes”* – Oscar Wilde
- Implementation is everything
- Communications
 - National Regulatory Authorities
 - Cost Accounting
 - Leased Lines
 - Online Services

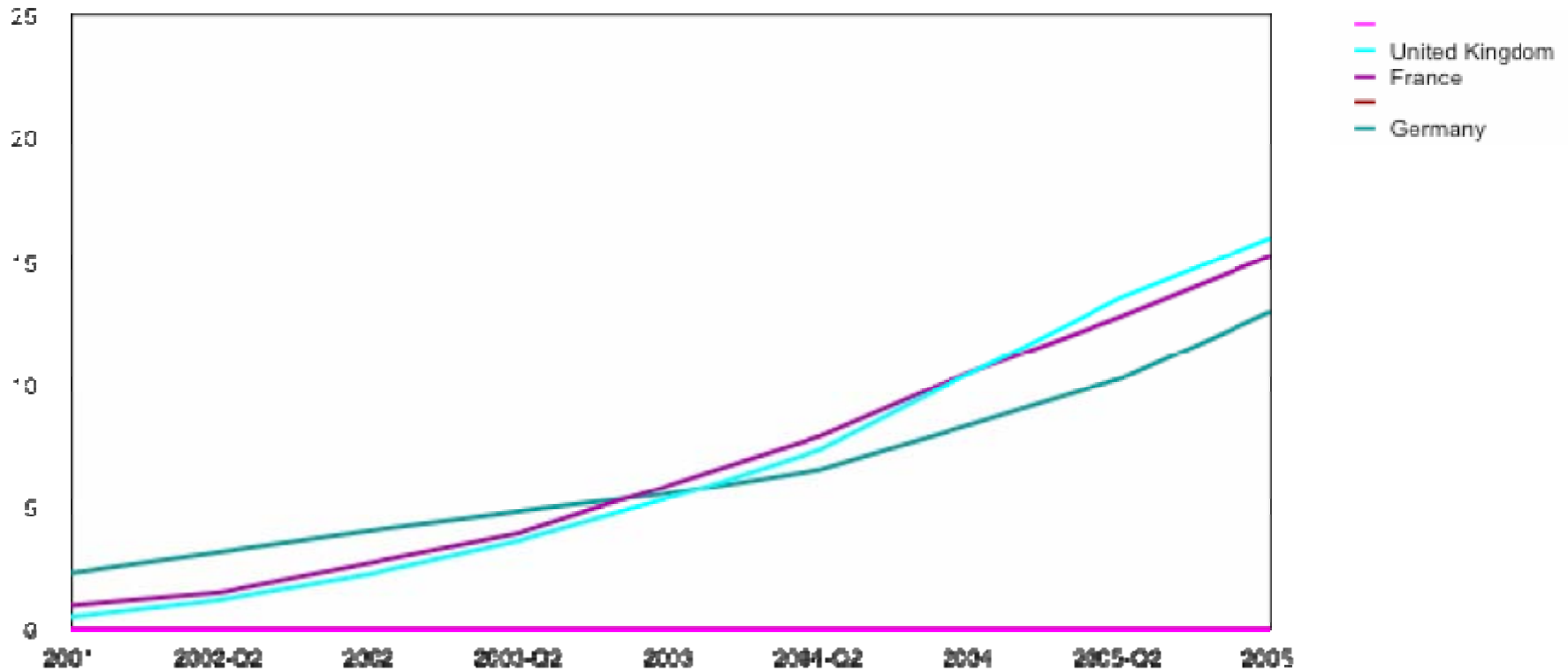
National Regulatory Authorities (NRAs)

- Independent regulators in Armenia, Moldova, Ukraine, planned in Azerbaijan
- EU competitive operators showed link between effectiveness of NRA and investment
- Recent measures to support ISPs in Germany directly attributable to NRA independence
- Comprehensive measures to ensure competitive access to network elements in France
- Incumbents traditionally like using competition law, because it is slower and implemented after competition has already been impeded

National Regulatory Authorities (NRAs) 2

- Provide stability independent of government
- Greater possibilities for government interference means greater uncertainty for *everybody* in the market – and makes life harder for government!
- Add disinterested expertise to interpret legislation
- Quicker and more effective than courts – if the courts cannot be used to delay implementation of decisions
- The 25 EU Member States have quite different experiences, excellent, awful and everywhere between

National Regulatory Authorities (NRAs) 3



Cost Accounting

- When non-discriminatory access is required, verifiable cost accounting is vital
- Russia has an official recommendation, some other countries have plans to develop policies
- In the year after introduction of LRAIC, Danish prices for collocation, raw copper and switched interconnection dropped 22%-59%
- The wheel really does not need to be reinvented
- Considerable amount of experience on how to get things right... and wrong!

Leased Lines

- Less of a problem in smaller countries for geographic reasons
- Long-term issue in Europe – at one stage most expensive EU country was 1000% the price of the cheapest (even though both had same regulatory framework). Implementation is the difference
- A variety of discriminatory behaviours were reported in the EU
- Lack of predictability of prices, conditions and service can cause major problems

Online services

- Using the Internet needs to be useful... or people won't use it
- Local content, time-saving e-commerce and e-government solutions
- Consumers need reassurance – the “wild west” image needs to be countered with effective legislation on data protection, fraud, dialler scams, etc
- The Internet is a global community – content universally illegal under international law must be adequately addressed *everywhere*

What's next

- Study will be published – allowing market players to compare among the 8 countries and with the EU
- Forewarned is forearmed
- EU will use the report
 - to support liberalisation in the 8 countries
 - to inform discussions under the neighbourhood policy
 - to inform WTO negotiations

Feedback

- Thank you for your attention
- Feedback related to this project can be sent to:
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