

WHO CONTROLS THE INTERNET IN KYRGYZSTAN?

By Viktor Parfyonov, media expert, Institute for Civil Appraisals and Media, Bishkek, Kyrgyzstan

Kyrgyztelecom's involvement in the Internet-service market is striking fear amongst the private sector and among independent experts. They fear that Internet access will be monopolized by the state.

Until recently, relations between Kyrgyztelecom and private Internet service providers (ISPs) have been rather simple. Kyrgyztelecom, a state-controlled joint-stock company, is a natural telecommunications monopoly owning the larger part of this country's telecoms infrastructure. By offering part of that infrastructure for Internet service, Kyrgyztelecom used to charge its customers out of purely commercial interest.

The sole exception in these business-like relations was the IP telephony, a service seen by ISPs as very attractive due to low costs of international communications. However, under the terms of the loan the World Bank gave to launch the Pilot Telecoms Project, the government of Kyrgyzstan guaranteed that Kyrgyztelecom would retain an exclusive right to control international and intercity communications until 2003. Internet service was booming in these conditions. Ten independent Internet service providers emerged. Internet traffic rose from 32 Kbps in 1994 to 5 Mbps in 2001, the number of subscribers surpassing 7,000 and an overall ISP modem pool exceeding 800. The demand for Internet services was steadily growing and a potential Web audience was estimated at 20,000 us-

ers. But that is where complications began. Kyrgyztelecom announced its intention to enter the Internet service market and, simultaneously, stated that the general-duty telephone network could no longer match the steadily growing Internet traffic.

A SEVEN-TIYIN ISSUE

In the spring of 2001, the Internet community was seriously alarmed by speculations that the State Communications Agency – Kyrgyzstan's national telecommunications regulator – was about to produce a document prescribing that ISPs charge their customers seven tiyins (US \$0.0014) for every minute of Internet connection time. Although the real rate turned out to be low (some US \$0.08 per hour of dial-up access) the initiative was given a very hostile reception. Experts said this would lead to a steady rise in rates, the cancellation of traditionally free nighttime Internet services, and paralysis of noncommercial providers' activities.

VOICE OVER

Very quickly, the real purpose of the decision to charge for Internet access ceased to be a secret. After examining the performance of the Bishkek-based

digital exchanges, Kyrgyztelecom came to the conclusion that they were operating at a peak load. Being widely used by ISPs for the purposes of modem pool connections, both exchanges, when heavily used, fail to provide quality services as general-duty exchanges. Unlike Internet Protocol networks, where the increased load results only in poorer quality, the voice lines can be either busy or free. Lines starting with digits 66 or 68 were found to be the busiest.

Unable to increase the capacity of interoffice trunks, Kyrgyztelecom proposed a so-called "tariff regulation". However, this practice, according to which the costlier a service the less the number of customers – a practice somewhat reasonable in voice lines – was blamed as discriminating Internet users. "We cannot rob Peter to pay Paul. This concerns both Internet users and general-duty telephony customers," said A. Titov, the director of the State Communications Agency. Kyrgyztelecom and private ISPs sat down at the negotiating table.

UNEXPECTED ADVENT

"Absolutely incredible!" – any well-informed reader may exclaim in amazement. "How come that just a few years after the end of the Pilot Telecoms Project – the one that consumed a multi-million dollar loan of the World Bank – the freshly-upgraded national telecoms system proved to be unfit to

provide Internet access for a one-percent group of this country's population?"

AN ACCIDENT?

Was it really accidental that allegations of local telephone lines being overcharged and Kyrgyztelecom's decision to undertake Internet services came at the same time? A Kyrgyztelecom's officer, who asked not to be named, said, "All private providers are just Lilliputians. There is no chance that they will ever be able to offer Internet services of higher quality than we do."

Current providers, though, view things in a sober light. Aleksandr Dudin, the director of a company that has been present on Kyrgyzstan's Internet market since 1994, said "Nobody can guarantee that Kyrgyztelecom won't take advantage of its dominating position to attract new customers by resorting to special measures such as bonuses awarded on beneficial terms. Essentially, Internet services seem to become just another kind of service the monopolist furnishes in the sphere of telecommunications. On the other hand, this would allow Kyrgyztelecom to offer services at lower costs.

What will the cost structure be like? Is the new division going to pay for services offered by the company's other divisions – just as ordinary providers do? Even if we assume that the division will be authorized to deal at market prices, excluding any direct payments, inequality becomes apparent, at least, in the value of development funds that other providers would need to mobilize. Meanwhile, Kyrgyztelecom does not need any extra investments to develop due to its monopolistic ownership of communications."

These misgivings are not shared by providers alone. An Association of Independent Communication Operators (AICO) is trying to oppose Kyrgyztelecom's monopolistic claims. Nurbek Turdukulov, the director of the Areopag Bishkek group of companies, a member of AICO, said "Kyrgyztelecom's responsibility is to form a main traffic line and offer it to private providers. Tariff agreements among operators are concluded on a commercial basis, and agreements subject to antimonopoly regimentation. However, there should be no discrimination against any of the operators as prescribed by the existing laws and the rules of a regulatory body, the State Communication Agency."

FIRST THE REGIONS

Independent operators seem to have held the field so far. Kyrgyztelecom has entered Kyrgyzstan's Internet market in the regions leaving Bishkek alone until better days. How long may it take? For the time being, though, private providers are desperately losing their regional subscribers. Kyrgyztelecom has offered its customers terms they were unable to resist – Internet access from any part of Kyrgyzstan via a single code with free long-distance calls.

Did regional customers gain from that? Of course, they did. The digital gap between the capital city and provinces has been significantly closed. What's there in store for Bishkek? "Currently, there are no government resolutions whatever preventing us from furnishing Internet services in Bishkek," says Orozobek Kayikov, Kyrgyztelecom's executive director for sales. "It is our deliberate decision to abstain from entering the Bishkek market while we try to back up private communi-

cations and information sectors."

ECONOMY OR POLITICS?

It is common knowledge that, with 60 percent of population living below the poverty line, state-controlled natural monopolies have a large role to play in the social policies aimed at curbing price rise. It may safely be said that Kyrgyztelecom is one of the above monopolies. The company's management acts within the limits of the government's official policies with the National Communications-Info Strategy giving priority to the development of the private sector. It is obvious to everyone, though, that the state's controlling stake in Kyrgyztelecom will be sold to private owners at the next tender.

An attempt of this kind was made last year albeit it failed to attract potential investors – perhaps, precisely because of the social role it was assigned to play and because of debt owned to the World Bank. Experts agree that the profitability rates of general-use telephone lines in Kyrgyzstan are among the lowest across the CIS. For the privatization of Kyrgyztelecom to be anywhere near efficient, the company needs extra assets, and here the Internet sector seems to be one of the most promising and paying.

Nurbek Turdukulov estimates the amount of investment in Kyrgyzstan's Internet sector at US \$1 million with another US \$1 million as a subsequent potential injection – slightly more than investments in paging services (about US \$600,000) but considerably less than those in cellular phone communications (around US \$9 million). It would be unreasonable to give away such a lucrative and fast-paying sector like Internet services to a commercial communication operator, which Kyrgyztelecom

may become after privatization. Most likely, a mass dial-up Internet access will be given to none else but Kyrgyztelecom. Private ISPs, though, retain a competitive niche in this sector. Ground satellite stations, assigned lines, high-speed ISDN access, and high standards of personal and corporate service would keep the best of the private ISPs afloat.

Would the possible monopolization of the Internet sector jeopardize freedom of speech and expression in Kyrgyzstan? Here's an

opinion voiced by computer safety expert Mikhail Romanenko: "A distinction should be made between information delivery and hosting services.

DELIVERY AND HOSTING

The World Wide Web is arranged so that it makes no difference to an individual user where the desired information is stored. Consequently, it would be technically impossible to censor overseas Kyrgyz sites. There exists though different means for

data transmission. There are special technologies that are employed by Russia's FAPSI to restrict free circulation of information on-line. But to employ them on a wide scale would require technical and financial efforts, which would be difficult to do in Kyrgyzstan. But such technologies make it all the same to the users as to whether they get Internet access from private or state-controlled companies. Both would be absolutely transparent. That's the way the Internet should work!

KYRGYZSTAN'S MEDIA RESOURCES IN THE INTERNET

The following are the most extensive and informative Internet portals (catalogues of Internet resources) of Kyrgyzstan: www.kg, www.elcat.kg, www.kyrgyzstan.kg. These sites contain materials on state institutions, tourism, medicine, business, education, culture, personal sites, entertainment, etc. Mass media are classified as a separate category making the search much easier. Kyrgyzstan's media sites can be conventionally divided into three categories, including permanent, periodically updated and those under development. A list of Kyrgyzstan's mass media indicating hyperlinks and brief profiles is represented on the above Internet portals. The most active and regularly updated sites include online versions of Vecherny Bishkek (www.vb.kg), Moya Stolitsa newspapers (www.city.org.kg), Piramida Television and Radio Broadcasting Company (www.pyramid.elcat) and others. The majority of Kyrgyzstan's mass media organizations do not have online versions yet.

THE INTERNET MAKES PRINT MEDIA'S LIFE LONGER

When independent newspapers like Moya Stolitsa (www.city.org.kg) and Respublika (www.respublica.elcat.kg) were banned from publishing their print versions some time ago, they continued to work by issuing online versions. Also, a trend has emerged in Kyrgyzstan to organize purely online editions, which do not have print analogues. They include a news analytical center «InfoCentre Bishkek» – www.icb.kg, independent online newspaper «Gazeta.Kg» - www.kyrgyzstan.by.ru, etc.

INTERNET NEWS FOR SALE

News agencies of Kyrgyzstan, including the Kabar National Telecommunications and Information Agency www.kabar.kg, Aki-press news agency - www.akipress.org, Kyrgyz Press - www.kyrgpress.org.kg supply prompt information to the Web. One can find fresh news from all over Kyrgyzstan on their virtual pages. Aki press is perhaps the first to have put their online work on a commercial basis. Access to this agency's resources has several levels ranging from free to a 30-dollar monthly subscription.

MASS MEDIA MONITORING THROUGH THE WEB

News summaries covering Kyrgyzstan's mass media developments as well as analytical materials on this theme can be found on Internews-Kyrgyzstan's sites www.internews.kg, Zhurnalisty (Journalists) public association www.monitoring.kg, Center for Journalism in Extreme Situations under Russia's Union of Journalists www.cjes.ru.

V.K.