

**Dear Guests and Participants of the International Conference,
Dear Mr. Chairman!**

On March 2, 2013, after 11-year negotiation process, Tajikistan became a full member of the World Trade Organization (WTO).

Tajikistan's accession in such prestigious international organization is in itself a positive fact. This may give an impulse to fundamental reforming of all sectors of economy including telecommunication sector of Tajikistan.

Let me give you some background. The main text of the Charter of the Association of Mobile Network Operators of Tajikistan (AMNOT) was adopted in autumn of 2002. *Tajik Tel, Indigo-Tajikistan* and *Babylon-M* were the founders of this Association. The AMNOT passed through an official registration on February 14, 2013. Irkaev G. N. has been selected as a Chairman.

Explosive growth and development of mobile communications in Tajikistan demonstrated liberalization of whole communication industry and gave an opportunity to introduce new and advanced technology in telecommunication services which in turn allowed the country to take the top-ranked and leading position throughout the entire post-Soviet territory. The given fact received international recognition and was announce in the public on the International Forum of telecommunication companies in Tunisia in 2005. In support of the abovementioned fact, 3G standard was launched in Tajikistan for the first time among all post-Soviet countries. *Babylon-Mobile, Tajik-Tel* (currently *Beeline*), *Indigo Tajikistan, Somoncom, TK-Mobile, MLT, M-Teco, Sky-Tel* have been providing their services on the telecommunications market. Total number of their subscribers made up 500 thousand people.

The Association steadily and fundamentally became an integral part of communication industry where important and pressing issues were resolved related to electrical communication operators and Tajik telecommunication market in whole. In 2006, by order of the Government, Inter-Departmental Commission comprised of representative of Ministry of Transport and Communications, Ministry of Economic Development and Trade, **AC**, Executive Office of the President of the RT, Chief Department of Communications, JSC Tojiktelecom and AMNOT started its activities. Calling Party Pays (CPP) principle was adopted on December 1st, 2007 at completion of the above mentioned work and already existing subscribers' base was equal to 750 000. The essential point is that the conversation shall be paid by the person making the call irrespective whether he/she uses landline or mobile phone. He/she should compensate expenses of an operator whose network was used by him/her. This step contributed to even more powerful boost in development of the whole communication industry and by the end of 2008 the base of subscribers making extensive mobile communication use achieved 2 million people.

Modern telecommunication technology in Tajikistan is not only a technical but also a social phenomenon. This means completely new enterprises in all cities and districts of the Republic, newly created job places and dozens of prepared qualified specialists. This is a flexible diverse tariff system where the most vulnerable population groups are the subscribers of mobile companies. As of January 1, 2015, in accordance

with data provided by the Communication Service, a total subscriber base in the Republic made up 11.4 million subscribers out of which 6.4 are active ones.

At the present time, the following companies are the founders of the AMNOT: CJSC *Indigo-Tajikistan*, *TCell* trademark; *Takom* LLC, *Beeline* trademark: CJSC *Babylon-Mobile*; CJSC *TT-Mobile*, *Megafon-Tajikistan* trademark.

At the end of the previous century, in line with liberalization of telecommunications market, a number of countries started to introduce new regulation systems that could respond to the modern reality and would be more suitable for competitive telecommunications market. Particularly, establishment of a regulatory authority separated from all concerned commercial subjects was one of the key requirements and this, in turn, serves the purposes of ensuring fair and equal competition between all market participants.

Importance of an independent regulatory authority in telecommunications sector:

It should be pointed out that availability of an independent regulator is an essential element in efficient regulation of telecommunication market. Formation of a competitive environment within the telecommunications sector became a pressing issue at the end of 1980s. In many countries, exclusive of the USA, Canada and Great Britain, telecommunications sector were regulated by ministries which also acted as operators providing telecommunication services. Along with the market development there was a need for conduction of reforms which principally involved splitting of functions of telecommunication operators from the policy making functions in this area.

The need for establishment of independent national bodies performing ICT market regulation, principally telecommunication services, caused by interrelation of operators previously having an exclusive right to provide services on this market with sector ministries managing their activities. Such interrelationship may have prerequisites for underestimation of a degree of impartiality while taking decisions on issues of regulation of the above mentioned market.

At the present time, telecommunication services sector is regulated by the Communication Service under the Government of the Republic of Tajikistan implementing a unified state policy in the area of electrical communication, postal communications and informatization. Furthermore, in accordance with the Provisions of the Communication Service under the Government of the Republic of Tajikistan, Open Joint-Stock Company "Tajiktelecom" is a structural subdivision of the Communication Service. The Communication Service under the Government of the Republic of Tajikistan was founded before accession of the Republic of Tajikistan to the WTO and accordingly distinctions between OJSC "Tajiktelecom" and Communication Service were not foreseen. However, at the present time, in view of obligations accepted by the Republic of Tajikistan in the framework of WTO, it is necessary for the Government of the Republic of Tajikistan and Communication Service under the Government of the Republic of Tajikistan to consider the possibility of taking OJSC "Tajiktelecom" out of control of the Communication Service under the Government of the Republic of Tajikistan or to establish an independent regulatory authority which will be independent of the Communication Service under the Government of the Republic of Tajikistan. This new independent body could be established under other ministries or could be an independent structure directly subordinating to the Government of the Republic of Tajikistan.

While establishing an independent regulatory body it is necessary to provide a maximum level of authority to the specified regulator. It should be taken into account that “independence” does not mean that it is independent of the state policy; it means independence for implementation of policy and rules without interference of concerned parties. And this “independence” can be ensured only when a regulatory body has enough powers for performing regulatory functions without any interference from other third parties including government bodies which in virtue of their functions may control market participants by holding its shares. If such bodies will maintain their influence on a newly established independent regulatory body, then there is still probability that this independent regulatory body will extremely depend on interested parties through the Ministry of other government bodies. Administrative arrangements of the regulatory body are very important in this relationship.

At the end of my speech, I would like to say a few words and cannot leave unnoticed one of the numerous problems of our communication industry. This issue relates to admission of the fact of obligingness of regulations adopted by the International Telecommunications Union (Tajikistan is a member-state) and particularly Regulations ITU-R adopted in Melbourne in 1988 (info:<http://www.itu.int/newsarchive/wtdc2002/tajikistan-r.html>). So, for example, in accordance with the specified Regulations if in accordance with the national law of a member - country, a tax is levied for international telecommunication services then this tax shall be paid by the customer. Unfortunately, in accordance with the tax legislation of the RT, value added tax is paid twice during rendering of international telecommunication services: directly by a customer making an international call as well as by an operator in the process of mutual settlements with an operator on whose network this call was made. Furthermore, a local operator shall add VAT to cost of own services provided to a foreign operator while accepting phone calls in Tajikistan from abroad. Finally, operators bear this huge tax burden. Accordingly, this fact forces communication service providers to reduce their expenditures and adhere to a conservative approach while investing in their network. This, in turn, apparently hampers development of whole communication industry.

We strongly hope that global telecommunication sector reforms will begin with accession of Tajikistan in WTO and this will promote the development of highly competitive sector of economy of the country.

- (Note for specialists: 2 pages of text with references are annexed to the report, they present an experience of our neighboring Kyrgyz Republic in elimination of double taxation).

Thank you for your attention
Irkaev G.N., Chairman, AMNOT
