

# Datafile of Eastern European Telecommunications

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## Belarus

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### Basic Telephony

#### Regulations

The Ministry of Posts and Telecommunications (MPT) is in charge of telecoms policy, licensing, certification and harmonisation of equipment and tariff approval. On 5 October 1994 the Republic of Belarus adopted a Communications Law which came into effect on 1 January 1995. The Law led to the separation of posts and telecoms and the creation of a national telecoms operator, Beltelecom, in June 1995.

Though no date has been set for privatisation of Beltelecom or the liberalisation of the fixed line telephony market the government has reportedly said that in a bid to become a member of the World Trade Organisation Beltelecom will be transformed into a joint stock company by 2002 and will be partially privatised by 2006. The government intends to retain a controlling stake.

#### Telephony market overview

Unlike former Soviet republics such as the Baltic States or to a lesser extent Ukraine, Belarus has remained close to its erstwhile parent. With a government seemingly reluctant to implement change or encourage foreign investment, the Belarussian fixed line telecoms sector remains closed and underfunded.

Monopoly operator Beltelecom has six regional divisions (Brestobltelecom, Vitebskobltelecom, Gomelobltelecom, Grodnoobltelecom, Minskobltelecom, Mogilevobltelecom), a long-distance division, the Minsk Local Telephone Network and the Minsk Telegraph-Telephone Exchange. The company is in the closing stages of the five-year 'Programme for the Development of Telecommunications in Belarus to the Year 2000' which envisaged the installation of around 170,000 new main lines annually. Despite the difficult economic environment Beltelecom has largely succeeded in attaining its targets: in 1997 it added nearly 168,000 new lines and in 1998 increased this by 3% with the installation of over 173,300 lines. The target for 1999, however, has been reduced to around 150,000. At the end of 1998 there were around 2.6 million local telephone subscribers and the waiting list stood at approximately 500,000, down from over 573,000 at the end of 1996. Digitalisation of the local network has also improved at speed, rising from 10% in 1996 to 35% by November 1999. According to the local press, in the first half of 1999 the Belarussian communications sector lost BYB1,500 billion, with 96% of Beltelecom's business areas operating at a loss; the poor performance was attributed to low local telephone rates. Despite these gloomy figures, in the first quarter of 1999 Beltelecom installed 70,242 new lines, 46% of its 1999 target.

The only substantial foreign investment in Belarus's telecoms sector to date is a USD38.8 million loan from the European Bank for Reconstruction and Development secured in July 1992. The loan was granted to help finance a digital overlay network (DON) for business subscribers and a new trunk exchange in Vitebsk. Thanks to the implementation of the DON Beltelecom was able to begin offering an ISDN service in 1997 and by November 1999 there were 10,000 ISDN subscribers, up

from 9,000 a year earlier. In June 1998 Alcatel and local electronics manufacturer MPOVT created a joint venture 51% owned by Alcatel; Alcatel MPOVT is now the main supplier of switching equipment to Beltelecom and by November 1999 had supplied two digital exchanges.

In addition to the DON project Beltelecom is working on an SDH-based Minsk-Vitebsk-Mogilev-Bobruisk-Minsk backbone ring and two links joining Minsk with Brest and Gomel and with Oshmyany, Grodno and Slonim. Work began in 1995 when Marconi was commissioned to build 1,258km of fibre-optic cable to link Minsk with the regional capitals and to join the Belarussian network with those in Latvia, Lithuania, Poland, Russia and Ukraine. Strong communications links with Russia are one of Belarus's priorities and in March 1999 Russia's long-distance and international carrier Rostelecom inaugurated a 446km fibre-optic cable between Moscow and Minsk.

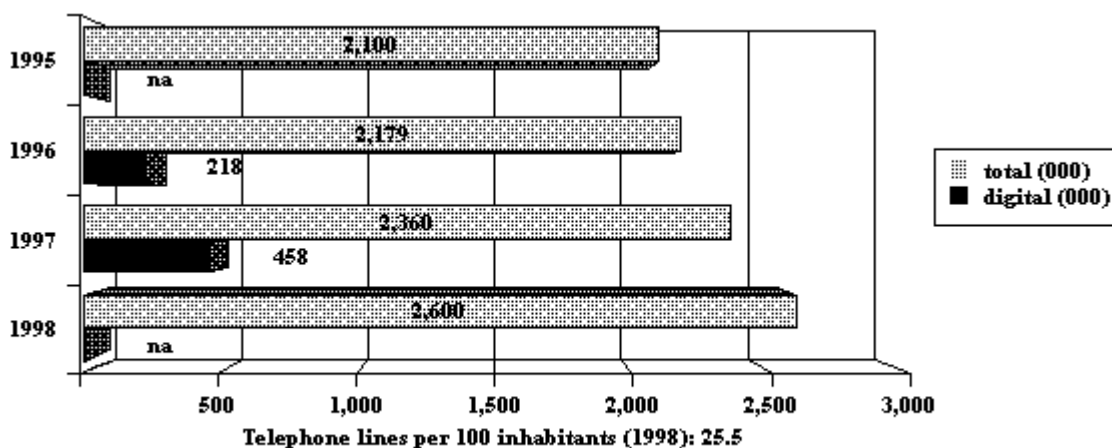
A satellite communications centre, Teleport, which consists of three earth stations, was put into service in October 1996. Calls are routed to the Indian Ocean Region via Intersputnik 80° East, to the UK (Cable & Wireless) via Eutelsat 10° East and to the US and Canada (MCI WorldCom and Sprint) via Intelsat 342° East. The MPT is the signatory to the satellite organisations. Beltelecom is involved in a number of international cable projects, namely the Trans-European Line and the Trans-European Network which connect Europe with the Middle East and North Africa, and the Trans-Asia Europe Line which joins central Europe with central Asia and China. It also participates in the Italy-Turkey-Ukraine-Russia (ITUR) cable which gives it access to a main submarine node in Palermo, and is one of eleven companies involved in the International Network Management System, implemented by Deutsche Telekom and Siemens in April 1998, giving INMS participants faster access to non-INMS countries. Traffic is routed via two digital international exchanges in Minsk.

#### Facilities Based Licensees

Operator and ownership	Date first licensed	Operating licence	Local telephone subscribers
Beltelecom (state-owned 100%)	1995	Local, long-distance, international	2.6 million
Total number of telephone subscribers (end 1998): 2.6 million			
Teledensity (end 1998): 25.5%			

Source: Beltelecom

#### Growth of main lines



Source: Beltelecom, CIT estimates

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