

Overview of Georgian Telecommunications Market

Government's tendency is the globalization of business and rapprochement with world standards of market economy, to this context international and regional relation is vital for our country. We have close relation with ITU, UPU, and CEPT. Transnational character of telecommunications and the tendencies of globalization of economy lead to the further integration with the international information space, including standardization, specifications of technical operation and legal maintenance.

The introduction of digital technologies, and a "digital modernization" of Georgia, is of the highest priority of our country. We have gained positive experience of cooperation with ITU. One of our future intensions is the elaboration of the urge-scale project to introduce "electronic government" in Georgia. We hope in international assistance in its realization.

To this direction Georgian government has launched new Georgian Governmental Network GGN project that has started in November of 2006 and In last year, 3 month ahead completed first phase of building process of Georgian Governmental Network in which are evolved more than 400 point of different Ministries and entities. There is established network management center, maintained installation and switching in the net of IP telephony and also its technical service. At the same time mentioned network offers the customer wide internet services.

For the second phase, according to the demand will be insured switching process of any governmental body and organization in the GGN with relevant technical service.

In our country the feature of development of an infrastructure of ICT is caused by the special geographical position of Georgia on the main trunk between Europe and Asia. At the end of the 20th century the newly independent countries try to incorporate to the world using cheap and guaranteed net. The shortest way to the Europe from the Caucasus and the Middle East lies on Georgia and because of that the interest of the modern world has increased to the Georgia. Since, that this year, Caucasus Online constructed high capacity an undersea fiber optic system of international cable highway between Poti-Varna (total bandwidth of nearly 1.3 Terabits), Georgian ICT companies managed directly to be switched into European and World networks, that was the basis for formation of new communication way between Middle Asia – South Caucasus – Europe countries, the shortest link between the countries of Middle Asia, South Caucasus and basins of Meditation and Arab Seas.

Result of a favorable position of the country is the active development of transnational highways uniting two continents.

The number of data transmission and internet users increasing day by day, On the ISP market works 18 internet service providers. Four providers offering wireless broadband services (Wi-Max) for individual and business users. Customers are free to choose a provider. ISPs are subject to class authorization. Past years three major ISPs have merged and take 60 % of the whole ISP market. In 2008 number of the active users of internet has reached about 350 000.

At the present moment the telephone traffic of Georgia is distributed between the basic five telephone companies. Three of them using a traditional platform of switching are operators of local and regional networks and three company with other services operates on CDMA standard. Rapid expansion of the mobile service has significantly eased the access issue for urban as well as rural areas of Georgia. The growth of the cellular telecommunication segment is one of the highest parameters of the Georgian telecommunication sector. Three dominant companies "Magticom", "Geocell" and "Beeline" covering 95% of the populated area. The density of cellular service users reached 71.6%. Two companies (Magti and Geocell) have already developed 3.5G systems in Georgia..

In 2004-2008 communications common annual income (Excluding VAT) increased from 595.96 to 1372.4 GEL, which can be considered as indicator of the success resulted from the reforms in the economic segment. Communications market income dynamics is brought below

Considerable, that broadcasting and postal services cover all the territory of the country. The Government of Georgia declared the telecommunications sector among its priorities in the program for 2004-2009. Based on the above, it is imperative to develop a National Strategy of ICT development that will facilitate implementation of state programs in the sector. The first-grade challenges in communications sector are intellectualization, globalization and informatization of the telecommunication networks. This should entail:

- Expansion of the telephone network and transfer to digital systems, which furthermore includes maintaining a sharp increase in telephone densities (target 30-40), eradicating urban/rural differences and securing uniform development of electronic communication systems in all regions of Georgia;
- Transfer to digital TV-radio broadcasting;
- Increase the density of computer and Internet users;
- Development of mobile networks based on recent technological achievements;
- Further development of external telecommunication systems (developing national transit information-telecommunication networks and facilitating creation of new ones through cooperation with the neighboring countries);
- Creation of e-Government, e-Governance, other e-related systems;
- Extension of relations with Communications , posts and Informatization international and regional organizations and communications and post administrations.