
Another Moral Victory For Government And Another Deception For People

By James Hakobyan
Lragir, Armenia - 27/8/2007

The campaign against Armentel's monopoly was about to become an idee fixe. The perception was gradually developing in the society that Armentel is voodoo and if we solve this problem we will live happily ever after. And now the problem of Armentel seems to be solving. The Greeks sold the company to the Russians, and the Russians agreed to give up the monopoly sooner if the Armenian government sold 10 percent of its shares of Armentel. Now Vimpelcom, which bought 90 percent of Armentel's shares, now holds 100 percent of shares.

Instead, Armentel gives up monopoly from October 1, 2007. The chair of the Public Services Regulatory Commission Robert Nazaryan even congratulated the Armenian people on the imminent "death" of the monopoly of Armentel. However, before people would "receive" and perceive Robert Nazaryan's congratulation, the CEO of Armentel Oleg Bliznyuk made everything as clear as a howl. He advised people not to expect that after October 1 life would become happy right away. He made the society think. They wonder who they should believe, Robert Nazaryan who congratulated them or Oleg Bliznyuk who advised them not to look at the reality through pink glasses for the shortsighted.

Perhaps the right thing is to trust in God who gave people common sense, the ability to think and find out the reality on their own and not from others' words. Consequently, it is worthwhile for the society to forget that there is Robert Nazaryan and Robert Bliznyuk in the world and try to judge what may change if Armentel loses the monopoly. For instance, when Armentel stopped holding monopoly, major changes took place in the sphere of cellular telephony. When the second operator came, competition occurred thanks to which a cell phone became less a luxury in Armenia and more a means of communication. More and more Armenians became reachable. However, is cellular communication a model for the other spheres, namely the fixed line telephony which is a means of communication for the poor class?

Perhaps not. Fixed-lined telephony is not attractive for investments.

It is not cost-effective therefore it is necessary to raise the tariffs to justify the costs in a reasonable period of time. Both the Greek and Russian owners of Armentel tried to do that. However, the Armenian government always prevented them. At that time the government could because when the fixed-lined telephony was a monopoly, and the government held 10 percent of shares, the Armenian government affirmed the tariffs. Soon Armentel will not be a monopoly any more and as Bliznyuk said, from October 1 Armentel becomes a fully commercial organization and will measure investments by cost-effectiveness. In other words, he hinted that the Armenian government cannot interfere with the price policy of Armentel, and even if it tries to interfere, Armentel will make no investments in that sphere because it will be unable to set tariffs which justify costs. It means either Armentel will set any tariff or will not continue to make investments to modernize the network if the network is not going to be cost-effective. In other words, either the fixed-line telephone bills top, which the government has been going out of its way to prevent to avoid social protests or the hope for the improvement of the fixed-line network is delayed till the future.

This is what Bliznyuk meant when he advised not to expect that everything will be fine after October 1.
