

MOSCOW, July 12 (Reuters) - Russia's telecoms regulator Roskomnadzor has awarded licences for next-generation mobile services as expected to state-controlled Rostelecom and dominant mobile phone groups MTS, Vimpelcom and MegaFon.

The licences - awarded for free - allow the operators to provide wireless internet services using the extra fast LTE (Long Term Evolution) technology, expected by analysts to become the industry standard worldwide.

"The tender opens a new stage in the development of the Russian telecoms sector. Deployment of 4G networks will provide the population with high-speed mobile broadband and give a boost to the innovative development of the economy," said Andrei Dubovskov, the CEO of Russia's biggest mobile operator MTS.

Developing the technology sector has been a priority of the Russian government as it seeks to diversify the economy away from its dependence on energy.

The government has been particularly vocal about reducing so-called "digital inequality" by helping poorer people in Russia's regions get online.

LTE promises download speeds of more than double that of the previous 3G standard and is designed for data, rather than voice - a staple of increasingly popular smartphones.

Owning an LTE licence is seen as a driver for long-term revenue growth for mobile phone operators that have exhausted the market for new subscribers and are now trying to persuade existing customers to spend more on mobile packages.

The 'Big Three' mobile groups and Rostelecom beat out Nordic telecoms operator Tele2, TTK - a telecoms unit of Russian Railways - and Summa Telecom, part of Summa Group.

RUNNING A RACE

All winners must start providing services no later than June 1, 2013, but Megafon is seen leading the race and may benefit from an early move.

MegaFon, controlled by Russia's richest man Alisher Usmanov, started to provide LTE services in Moscow in May, using the infrastructure of state-backed 4G operator Scartel.

Its offering is already available to 10 percent of Russia's 140 million population, MegaFon said on Thursday, and it pledged to expand the footprint to 27 percent by the end of 2012.

MegaFon is also seen benefiting from a planned combination of Usmanov's stake in the company with 100 percent of Scartel, a deal expected to be announced soon.

"Obviously it is MegaFon who won... and namely Mr Usmanov who competently consolidated

the assets. It is a farsighted defence of his investments," said Eldar Murtazin at Mobile Research Group.

Usmanov raised his stake in MegaFon to 50 percent plus one share in April when billionaire Mikhail Fridman sold his stake, resolving a long-running dispute over strategy and governance at MegaFon and positioning it for a highly-anticipated initial public offering that could raise \$4 billion.

MTS said it plans to build 4G networks ahead of schedule, while preparing to launch LTE in Moscow in August-September on previously acquired frequencies.

Vimpelcom pledged to provide LTE services in six Russian regions by the end of 2013, but at this stage looks to be lagging its three rivals.

"We have already commenced modernising our network and making it LTE-compatible," said Anton Kudryashov, head of Vimpelcom's Russian business.

BOOST FOR ROSTELECOM

The results of the auction will also help to boost the position of state-controlled Rostelecom, the former fixed-line monopoly, in a sector previously dominated by private players.

Rostelecom, which was transformed last year into a multi-service provider by merging with seven regional operators, wants to boost its share of mobile as well as broadband and pay-TV markets to offset a fall in its core fixed-line business.

The company said on Thursday it plans to update its mobile strategy to take into account the LTE licence as well as the planned consolidation of Russia's No.8 wireless carrier Sky Link, which has 2G and 3G licences in more than 70 Russian regions.

"Rostelecom plans to create modern multistandard mobile networks, combining advantages of 2G, 3G and 4G and allowing us to provide voice and data services with high level of quality," said spokeswoman Kira Kiryukhina.

Kiryukhina added Rostelecom was ready to team up with other operators to build shared infrastructure in order to speed up the network rollout and reduce costs.

Rostelecom also plans to start providing LTE services on Scartel network in September as per a similar MVNO (Mobile Virtual Network Operator) agreement to the one MegaFon has with Scartel.

Rostelecom earlier said it was targeting 22 percent of the wireless broadband market in subscriber terms by 2015, up from the current 9 percent.