

This presentation and notes are available at
www.netpolitics.ru/icann

National Case Report: Russia

Andrei Mikheyev

DiploFoundation/
 Moscow State Institute of
 International Relations
andreim@diplomacy.edu

7th Meeting of the ICANN Studienkreis
 Prague, September 25-26, 2006

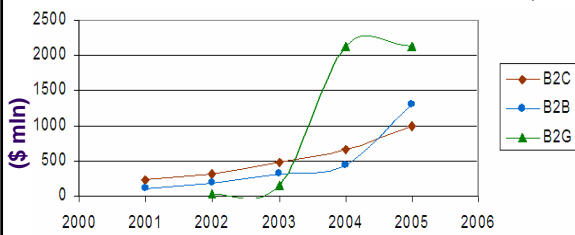
Economy: ICT sector

(2005)

- ICT sector=\$35 bln.=5% of GDP
 - IT = \$11 bln.=1.5-1.7%
- Annual growth=20%
- Foreign investments=\$2.7 bln
 - +100% (2004-2005)
- official benchmarks for 2010:
 ICT=10% of GDP

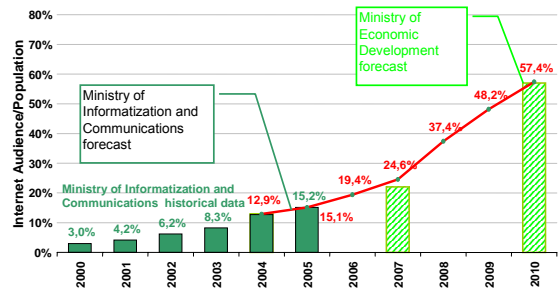
Source: Ministry of Telecommunications

E-commerce



Source: National Electronic Commerce Association

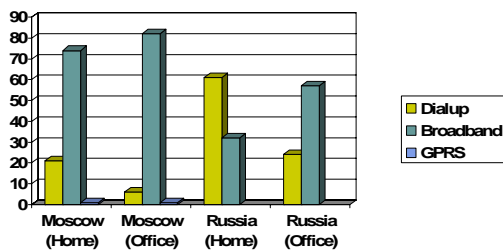
Internet Penetration



Source: Ministry of Telecommunications

Types of internet connection

(% of monthly reach, March-May 2006)



Source: TNS Web Index

RU-net audience

- Russia 55.5%
- Ukraine 6.8%
- USA 5.8%
- Germany 3.2%
- Israel, Belarus, Latvia, Estonia 1.2-1.8%
- other countries =22.6%

Source: Spyl,LOG

National policy environment



- **Concept of National Security**
 - "development of modern ICT is a national interest"
- **Information Security Doctrine**
 - "lagging behind other nations in the field of ICT is a threat to national security"

Federal program "Electronic Russia" (2002-2010)



- **Goals**
 - building a strong IT sector of the economy
 - promoting e-government
- **Gov't investments in ICT = \$2.4 bln**
- **Activities**
 - legal reform
 - introducing ICT in government
 - promotion of Russia's ICT business at home and abroad
 - educational/capacity building programs
 - building ICT infrastructure

Key documents and initiatives in the field of ICT



- "System of Investigation Measures" (since 1998)
 - legal basis for wiretapping and control over users' actions by special services
- Law "on issuing licenses for certain types of activities" (2001)
- Law on digital signature (2002)
- 2004-2005 -- discussions on ensuring the authentication of internet users
- 2006 -- strong anti-terrorism and anti-racism rhetoric; attempts to monitor and control internet usage

Domain name regulations History



- Initially -- self-regulation of major providers
- Elections of 1998 -- showed the political potential of the internet
 - stricter control over the internet, including draft laws on the allocation of domain names
- Duma hearings, may 2000 (some proposals):
 - creation of technical center for domain registration (controlled by the ministry of telecommunications)
 - internet addressing should be administered by the ministry of telecom
 - strong protection of trademarks
 - prohibition to register names of famous persons

Amendments to federal law "On trademarks" (2003)



- The first time the word "domain name" appears in a federal law
- Illegal: the use of trademarks "in the internet, including in domain name and other ways of addressing"
- Different views about the impact

Court cases over domain names



(as of end of 2005)

- 90 legal suits over domain names
- 60 cases closed
- 80% of rulings -- in favor of the plaintiff

New Civil Code

(currently under discussion in the State Duma, expected to enter into force in Jan. 2007)



- key provisions:
 - domain names are recognized as means of individualization and as intellectual property (hence are subject to protection by IPR laws)
 - trademarks, brand names and ordinary commercial terms cannot be used in a domain name except by trademark owner
 - domain name registration will require a contract
 - registrar is responsible for checking the domain name for possible violations and is liable in case of violations
- attracted harsh criticism on behalf of domain name registrars

Domain name registrations: .SU



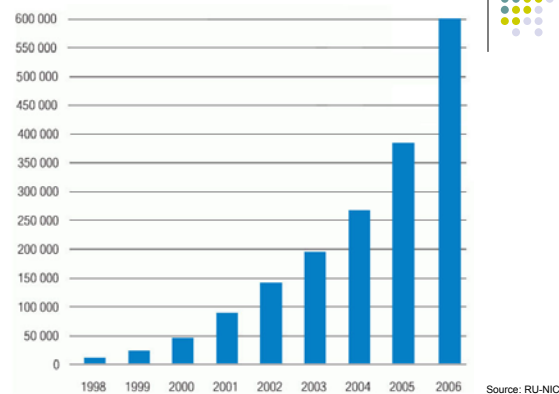
- registered in 1990 by SUUG - Soviet UNIX User's Group
- registration of new domain names suspended in 1994, after .RU was created, re-opened in Dec. 2002
- only 7000 domain names registered (as of Sept. 2006)
- many "fancy" names still unregistered
- registration fee=\$100
- positioned as domain name for former USSR ("the post-Soviet .EU")

Domain name registrations: .RU



- delegated in April 1994
- since 2000 -- distributed registration via accredited registrars
- more than 600 thousand domain names as of Sept. 2006 (population of Russia = 142 M)
- most have been registered in the past 3-3.5 years
- rate of growth -- ca. 45-55% a year

Domain names in .RU zone



Domain name owners



- Ca. 230 thousand people (Dec. 2005)
- Growing no. of domains per owner (Dec. 2005 -- 1.91)
 - 110 owners have registered >100 domain names each; together they own 5% of all domain names
- Growing share of domains registered by physical persons
 - 61% as of Sept. 2006 (up from 40% in Jan. 2003)
- Growing share of foreigners owning .RU domains (although still small)
 - 5.24% (up from 4% in Dec. 2005 and 3% in Dec. 2004)
- Large (although decreasing) share of the "capitals"
 - Moscow 46.7%, St. Petersburg 7.6%

Source: RU-NIC

Key players: state bodies



- ministry of telecommunications
- state committee on telecommunications and information ("the owner of the internet")
- ministry of education
- ministry of science
- ministry of mass media and mass communications
- Russian patent and trademark office
- law enforcement agencies
- etc.

Professional associations and NGOs:



Regional public center for internet technologies (ROCIT)

- officially: independent association of individuals
- activities
 - *promoting the use of the internet*
 - *providing expert support to internet users and providers*
 - *participation in law making process*
 - *collecting and analyzing information about internet businesses*
 - *attracting investments to selected projects*
- often accused of representing the interest of small group of large computer companies

Professional associations and NGOs:



Russian Association for Networks and Services (RANS)

- officially: non-profit association founded by the ministry of telecommunications
- elite club with close connections to state bodies and strong influence on decision making process
- in 2001 transformed into public-private organization
 - *>120 organizations*
 - *members -- telecom operators, research institutes, hardware and software producers, systems integrators, law firms and insurance agencies, federal and state bodies*
- responsible for important pieces of legislation on telecom/ICT

Professional associations and NGOs:



Union of internet operators

- business association
- current members:
 - *ROCIT*
 - *RIPN*
 - *10 major internet providers*
 - *1 research institute*
 - *association of IT users in education*
 - *RU-NIC*

Domain name registrars



- Until 2000 – only one (Russian Institute for Public Networks (RIPN), one of the first internet-providers in Russia)

Since 2000 -- experimental distributed domain name registration

- 14 registrars
- only 6 remained by 2004
- more joined in 2005
- strongly dominated by one registrar -- RU-NIC
 - 62% of all domain names

National Internet Domain Coordination Center



- created in 2001
- multistakeholder entity founded by ROCIT, UIO and RANS
- functions:
 - developing regulations for domain name registration, registrars accreditation, administration of public use domains (.com.ru, .org.ru, .msk.ru, etc.)
 - organization of domain name registration process
 - coordination of registrars' activities
 - supporting the DNS of .RU domain
 - long-term projects aimed at developing .RU domain zone
 - since Jan. 2006 -- administrator of .RU domain

New services: Cyrillic domain names



• Problem:

many Russian words cannot be transcribed adequately into English or allow for various transcriptions:

- *andrei-andrey-andrej*
- *mikheyev-miheev-mikheev(-michejew?)*

• Interim solution (not very popular):

some domain names in .RU zone imitate Cyrillic script with Roman letters rather than transcribe words

- *АНДРЕЙ МИХЕЕВ = AHDPEU MUXEEB*

New services: Cyrillic domain names



- **first cyrillic domain names -- in .net, .com**
 - based on iDN technology
 - a few thousand domain names registered
 - .com much more popular than .net
- **cyrillic domain names in .ru**
 - RU-NIC (major registrar) was ready to start domain name registration in 2003
 - main policies drafted by Oct. 2005
 - work still underway...

Cyrillic TLDs:



- Official introduction delayed
 - *Awaiting ICANN-approved standard*
- One of the registrars (RegTime) offers fully Cyrillic domain names in .com, .net, .org, .ru since 2001 (.ком, .нет, .опг, .py)
 - *via i-DNS*
 - *claims to have registered several thousand domain names*
 - *major registrars oppose this as internet fraud*

DNSSEC

- Available from only one registrar
- April 2006
- More information available on www.dnssec.ru



ENUM

- Discussions among internet community and VoIP providers
- No concrete policy discussions at the moment

Perspectives (domain names)



- Adoption of new Civil Code (or other initiatives for strong gov't control) → possible crisis of domain name registration, flight of registrations to other domain zones
- Introduction of Cyrillic TLD by ICANN and its adoption by major registrars → Legal and economic issues with those who registered domain names from RegTime
- Wider adoption of DNSSEC – only if necessitated by rapidly developing e-commerce

Perspectives (Internet at large)



- Unless new technology and/or business models are developed, values will remain low despite the large population pool
- As a result of restrictive television advertisement legislation, Internet advertisement may slightly increase
- Potential for subscriber paid services may increase with new business models/technology

Source: "The Future of RU-net & New Investment Models"
by Jack A. Barbanel, Strategic Investment Group, March 22, 2006

- Very much depends on investments into new platforms and business models
- Needs to be driven by subscriber oriented services, advertisement, E-commerce, and consumer demands
- Broad-band and computer penetration must accelerate to create market share valueIncreased use of banking and financial platforms
- More joint ventures between logistic, credit card and E-commerce platforms
- Greatest growth seen in Entertainment, Gaming, and special services (bill payments) — E-mail is peaking



Source: "The Future of RU-net & New Investment Models"
by Jack A. Barbanel, Strategic Investment Group, March 22, 2006

Investments required (over the next 5 years)



- Infrastructure (on a country-wide basis) \$35-\$45 billion
- Non-infrastructure technology \$8-\$12 billion
- Educated/qualified HR \$4-\$6 billion
- Integration with basic systems and security \$6-\$8 billion

-
- \$50-65 billion over the next 5 years

Source: "The Future of RU-net & New Investment Models"
by Jack A. Barbanel, Strategic Investment Group, March 22, 2006

Questions/comments?



andreim@diplomacy.edu

This presentation and notes are available at
www.netpolitics.ru/icann