

Mobile market in China: InfoCom says China Telecom's entry and new 3G licenses will drive growth

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Stuttgart, Germany — According to one of InfoCom's latest research, recent developments in China are expected to change the landscape of the mobile market as a new main player emerged and 3G licenses were issued. "The wide industry restructuring, which took place in 2008 and in 2009 is due to change the market landscape", an analyst at InfoCom stated. The Chinese market has seen a number of restructurings, among which in 1Q08 China Unicom's acquisition of China MII mobile operations in the South Western province of Guizhou. In 4Q08, another industry restructuring merged China Unicom with fixed line operator China Netcom. As a consequence, China Unicom sold its CDMA business to China Telecom. Through this reshuffle, China Telecom became the third largest player in the market. "Since CDMA subscribers comprised about 25% of China Unicom's mobile subscriber base and thus roughly 7% of the total mobile subscribers in China, China Unicom's market share decreased significantly although it will still remain the second largest operator in China based on subscribers" the InfoCom's analyst in Manila commented.

In January 2009, the regulator finally awarded 3G licences to the three main operators after a long delay caused by the will of pushing a home-grown version of the 3G technology TD-SCDMA. China Mobile was awarded a 3G license based on TD-SCDMA, while China Unicom received W-CDMA and China Telecom CDMA2000. The regulator expects the three operators to invest a total of 45 billion euros on 3G networks for the next three years.

China Telecom started 3G trials in Shanghai in mid-March 2009 and roll-out of commercial services was supposed to start in April 2009. The entry of China Telecom should drive subscriber development and should spur existing mobile operators (China Mobile and China Unicom) to employ growth strategies to keep their market position. Overall the launch of 3G networks is expected to encourage the use of mobile data services.

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About InfoCom — InfoCom GmbH is a market research and consultancy company with over 20 years experience providing strategic analyses and planning assistance to stakeholders in the telecommunications, IT and multimedia industries. InfoCom GmbH's independent and fact-based analyses highlight trends and opportunities, supporting decision makers to understand market dynamics in order to improve their competitive advantage.

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