

# 200% Growth in China's Cellular Phones

At the end of October 1993, there were 520 000 mobile cellular telephone subscribers in China, up from 176 000 at the end of 1992. A recent Industry Canada-sponsored Digital Mobile Communications mission to Beijing, Shanghai and Guangzhou saw that the equipment vendors and system operators are having a great deal of difficulty keeping up with demand. There are real opportunities for those who are able to provide superior products quickly.

The majority of the cellular systems in China use the total access communications system (TACS) standard (public advanced mobile phone service [AMPS] systems have been permitted in five provinces, private AMPS systems are in use in other provinces). The official standard for digital mobile has not yet been selected in China. While it had been expected that Groupe Spécial Mobile (GSM) would be selected — and

indeed Guangdong province will be setting up a number of GSM-based systems in 1994 — code division multiple access (CDMA) is now being considered as well.

Despite the lack of formally approved frequency allocation for CT2 personal communications service (part of the frequency range typically used for CT2 service in other countries is allocated for other purposes), there are 14 CT2 systems starting up or in operation in China (the first starting in Shenzhen in 1992). Another 15 operations are expected to start up in 1994.

In all the cities visited by the mission, there are waiting lists of up to eight months for cellular service, even though service can be poor as the systems are not designed to handle the number of mobile phones already in use. Problems with getting a line is a constant frustration for cellular users throughout China. The push to digital cellular is

driven by the desire to increase capacity, and is driven particularly by those in Guangdong, which has the highest saturation of cellular telephones.

The Chinese mobile communications industry is in desperate need for equipment to expand their networks. However, the tendency is to purchase additional equipment from the furnishers of the original networks which, in the case of analogue mobile communications networks, is nearly always Motorola or Ericsson. Companies entering the market might therefore consider equipment that would not normally be part of a package from one of these companies, or that would compete against inferior equipment from one of the network suppliers. Terminal equipment (cellular phones or pagers, particularly Chinese-language pagers) and software for value-added services such as voice mail fall into the former category, microwave links from the base stations to the central office would be in the latter category.

It would also be important to establish oneself with current analogue mobile communications suppliers (Motorola and Ericsson), potential future digital cellular system suppliers (Northern Telecom, Italtel, Siemens and Ericsson) and/or CT2 suppliers.

Foreign interests, including joint ventures, are banned from participating in telecommunications operations. While there are prospects for gradual change, particularly in Shanghai, it is unlikely that foreign ownership will be welcome in the near to medium term. China's Ministry of Posts and Telecommunications (MPT) has recently tried to reinforce these regulations, specifically targeting portable telephones, radio pagers, other cordless services, telephone information services, computer information services, electronic mail, electronic data exchange and image transfer services.

A copy of the report, *Digital Mobile Telecom Mission to China*, is available from the International Telecommunications Division of Industry Canada (see Contacts box).

## "Who's Coming to Dinner" at INTER COMM 95

The Government of Canada, through Industry Canada, the Department of Foreign Affairs and International Trade, and the Canadian International Development Agency will be actively participating in INTER COMM 95's Global Telecommunications Congress & Exhibition scheduled for Vancouver the week of 20 February 1995. The federal government along with the Province of British Columbia and a number of industrial sponsors will be officially welcoming over 7 000 visitors including government-organized trade missions from at least 65 countries. The foreign buyers in these missions will be looking for the latest and technologically-superior products for which Canadian telecommunications manufacturers are known. The foreign visitors will have the opportunity to view these new products throughout the exhibit area. The Government of Canada stand will provide information on those Canadian telecommunications companies not able to participate at INTER COMM 95.

Major events scheduled for INTER COMM 95 include bilateral meetings between our Minister of Industry and his senior deputies with Ministers of Communications from other countries. These meetings can help companies that are actively selling their products and services to these countries and the right word at the right time can pay handsome dividends. For those special meetings, formal and informal luncheons and dinners are sometimes scheduled to help close a major contract. It is in this respect that we need assistance from the Canadian telecommunications industry as to which countries are priority ones for you and whom we should be inviting. Please inform any of the officers named in the Contacts box as early as possible so that these important bilateral meetings can be arranged for you!