

China's IT and Telecom

Updates and Statistics



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Yuan Becomes More Flexible

Capital accounts would become further open this year according to new plans eventually aimed to make the Chinese currency fully convertible, according to various media on Monday, 28th February.

The State Administration of Foreign Exchange (SAFE), responsible for rules for capital flows in and out of the country, announced five detailed measures to ease upward pressure on the Yuan, according to Guo Shuqing, the head of SAFE last weekend. Following the new rules insurance companies are allowed to invest overseas, rules ease foreign direct investment by local enterprises and approve Yuan-denominated bond issuance by "foreign development organisations". Also the Chinese government had discussions with the International Finance Corporation, an arm of the World Bank, and the Asian Development Bank, about the Yuan bonds.

The move to a more flexible exchange rate would help improve the government's ability to manage the economy. Compared to previously announcements these new measures give a clear signal about Chinese government's commitment to currency reform to the foreign governments. Especially the US have been pressuring China to revalue the currency.

Since mid 1990s the Chinese currency has been pegged to the US dollar and a number of foreign governments claim is giving Chinese exporters an unfair advantage. Despite China's long commitment to replace the US dollar peg with a more flexible exchange rate system, the country has refused to fix a timetable.

China Telecom Looks to Enter Wireless Market

China Telecom, the country's biggest fixed-line operator, has announced it wants to team up with a smaller rival to buy a national wireless network run by the second biggest mobile phone operator, China Unicom.

The announcement by Wang Xiaochu, China Telecom's new chairman, marked a dramatic intervention into debate about the future structure of the world's biggest telecom market in terms of subscribers. Mr Wang told journalists and analysts on 1st February in Hong Kong that Telecom had proposed to Chinese regulators that it be allowed to join with China Netcom, the second largest fixed-line operator, to buy one of Unicom's two mobile networks. "I have been discussing this with the authorities," Mr Wang said. "This is my personal opinion, but I believe we will be allowed to do it."

The purchase would give the two fixed-line operators access to the faster-growing market for mobile services, while freeing Unicom from the politically-imposed burden of operating two networks based on different technologies.

Government officials and executives at China's four big operators had previously been tight-lipped about possible restructuring of the market ahead of the planned introduction of advanced 3G mobile networks, despite widespread speculation that action is imminent. Their silence had highlighted the lack of transparency surrounding regulators and the operators, all of which are listed in Hong Kong and the US but controlled by the Chinese state.

China Telecom (USA) to Expand Presence in Canada

On February 22, China Telecom's wholly-owned subsidiary—China Telecom (USA) Inc. announced it would set up an office in Toronto, Canada in order to expand its presence in the Canadian market.

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China Telecom (USA) was founded by China Telecom in November, 2002 and has its headquarters in Herndon city, Virginia, U.S.A. The company has since opened offices in five cities, including Los Angeles and New York. The Toronto Office will be the sixth office set up by the company, as well as the first office outside the U.S.

Mr. Zhang Weihua, General Manger of China Telecom (USA), pointed out that the Toronto Office would be an important step for the company to further expand its presence in the North American market. He said that China Telecom would provide business and residential clients with data and voice services.e

China Exported 140 Million Mobile Phones in 2004

China exported 140 million mobile phones last year, according to Ministry of Information Industry (MII). The export of handsets has been a rapid growth in the past two years. Last year, exports rose nearly 66 percent from 2003 to 140 million handsets.

China turned out 230 million mobile phones last year. According to the MII's goal for 2005, the country is expected to make 260 million mobile phones in 2005, a rise of 13 percent year-on-year. One hundred sixty million of them would be exported abroad.

Last year, exports of electronic information products rose sharply. The MII reported that exports of electronic information products reached 200 billion US dollars in 2004, accounting for 34 percent of the total exports in the nation.

The strategy of "Going Out" is still a crucial guide for China's electronic information industry in 2005, the MII said. The ministry has set a goal of 240 billion US dollars in electronic information product exports for this year, up 20 percent over 2004..

Telecom Operators Welcome Fee Liberalization

Telecom operators will be the major winners from the government's decision to gradually relax controls over telecommunications fees this year, according to industry analysts. The Ministry of Information Industry (MII) announced that there would be further reform of its management of telecommunications fees, in a further effort to liberalize the sector.

Information Industry Minister indicated that the management of telecommunications fees system will be gradually made more transparent, with the ultimate goal of enterprises being able to set their own fees. Telecommunications fees are currently set by the National Development and Reform Commission. As a matter of fact, the Chinese market is beset with price wars launched by almost all of the major telecom operators such as China Mobile, China Unicom, China Telecom and China Netcom.

One of the first shots in this new price war was fired by Beijing Mobile Corporation, which slashed its prices for sending multimedia messaging services (MMS) from January 1 to the end of February. According to the company, its "Gotone" mobile phone subscribers only have to pay 2 yuan (24 US cents) to send 10 MMS messages. Normally, the price for each MMS service is 0.90 yuan (10.8 US cents).

China Unicom kicked off its "Uni" multi-media portal to provide a full range of value-added telecom services in order to realize the sustained development of its data business.

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The development of more value-added telecom services will also help telecom operators to increase the number of 3G customers before the real roll-out of commercial 3G services, likely to take place later this year.

MII figures indicated that China had signed up 334 million mobile phone subscribers and 316 million fixed-line users by the end of last year.

Meanwhile, revenue from the telecom industry totaled 520.5 billion yuan (US\$62.7 billion), representing a year-on-year growth of 13 per cent.

China Open Source Software Week Boosts Linux Industry

The China Open Source Software (OSS) Week 2005, the first such event of the Asian Open Source organization, is being held in the first week of March in Beijing. The OSS week is composed of the Asia Debian Mini Conference, the 5th Asia Open Source Software Symposium and Codefest Asia 2005. The events are hosted by the China Software Industry Association, China Open Source Software Promotion Union, and the China Electronic Standardization Technology Institute.

The Linux activities have also won support from the State Council Informatization Office People's Republic of China, Ministry of Information Industry, Ministry of Science and Technology.

The China OSS Week 2005 is expected to open the door of communication between the Chinese OSS industry and its Asian and World's counterparts, by providing a platform for direct talks and interactions for government delegates, educators, Open Source Software developers and Linux fans from many as many as 21 countries, for the promotion of rapid development of OSS in Asia. Organizers said that the convention of the meeting in China itself indicates the great importance the international IT industry has attached to China's OSS development, which also provides a valuable chance for Chinese developers to learn from their colleagues from around Asia.

Event participant Mike Iannini, president of the Beijing Linux Users' Group, said, "Bringing together such great domestic and foreign Linux and open source businesses is a big boost to getting Linux discussed more in China. We have seen a great upsurge in acceptance of different platforms over the years and we see a great movement on the rise. It's an exciting time to be in China and to take part in these types of technology conferences."

MII Formally Announces EVD as National Standard

The struggle for disk player national standard supremacy has ended February 2005 with EVD's "High Density Laser Visual Disk System Technical Regulation" being announced as the recommended standard for China's electronics industry.

The Ministry of Information Industry's (MII) new regulations consists of four sections. The first part covers high density laser video disk regulation; the second, high density laser video disk file system regulation; the third, high density laser video disk voice data coding; and the fourth, multi-channel rounding sound and enhanced voice frequency coding.

An unnamed representative from the Ministry of the Information Industry told local media, " The High Density Laser Visual Disk System Technical Regulation will be used to guide the development of chips, software and related articles for digital clarity of voice and video frequency products. And it will unify disk and disk player manufacturing techniques so as to meet people's increasing demands for high-quality digital products and informationization of the country."

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New Tigers Consulting Ltd.

Europe address:

8 Clyde Court, Clyde Road,
Dublin 4, Ireland

Tel: +353 87 918 5051

Fax: +353 1 66 89317

Email: bwaldron@newtigers.com

China address:

Suite 101, Technology Centre
173 Jinji Lake Rd., Suzhou, China

+86 512 67623365

+86 512 67629782

wqian@newtigers.com

Canada address:

39 Militia Trail, Markham
ON L3R 9H7, Canada

+1 905 948 1610

+1 905 948 1626

info@newtigers.com