



Overview of the Telecom Industry

Guangdong Province leads the development of China's telecom industry. Although Guangdong generated an impressive 12% of China's GDP in 2009, its telecom industry generated a whopping 16% of national telecommunication tariffs.

In 2009

- Guangdong's major telecom business revenue reached \$17.95 billion
- Guangdong's mobile phone users reached 89.51 million, 13% of the national total
- Guangdong's fixed phone users reached 35.73 million, 10% of the national total
- Guangdong's internet subscribers reached 45.54 million, 15% of the national total. Over 40% regularly surf the internet via their cellular phones.

In addition to the three basic telecom carriers, there are over 20,000 value-added telecommunications service providers in China, and 5,328 of them are located in Guangdong. They provide all kinds of services based on telecommunications networks, such as VAN, VPN, internet, email, online database search, call centers, EDI, e-fax, etc.

Opportunities in the 3G Deployment Campaign

China finished restructuring its state-run telecom industry in 2008 and in January 2009 issued the long-awaited 3G licenses to the three newly restructured telecom carriers: China Mobile, China Unicom, and China Telecom. That year, China invested \$23.74 billion to build out its 3G networks.

Additional procurement decisions for 3G equipment will be made by the three telecom carriers' headquarters in Beijing. It is estimated that the carriers will spend about \$50 billion on 3G network infrastructure in the next 3 years. It is estimated that over 18,000 base stations will be built in Guangdong Province alone, with an estimated investment of \$2.63 billion.

Major domestic telecom manufacturers like Huawei, ZTE, and Datang will account for the highest market share in the construction of the 3G networks. Huawei and ZTE are the top two telecom equipment manufacturers in China, and both are based in Shenzhen, Guangdong Province. Contracts for building 75% of the 3G network's infrastructure have been given to ZTE, Huawei, Datang and their joint venture affiliates.



South China Snapshot:

Electronic Telecommunication Components

Major Trade Shows in 2011:

IIC-China

Shenzhen, February 24-26, 2011
Shenzhen Hi-Tech Fair Exhibition Center
<http://www.english.iic-china.com/>

China International Optoelectronic Expo

Shenzhen, September 6-9, 2011
Shenzhen Hi-Tech Fair Exhibition Center
http://www.cioe.cn/html/list_543.html

Foreign companies are probably not in a position of advantage when competing with Chinese companies in 3G network construction. However, Chinese telecom manufacturers source a lot of electronic components and technologies from outside China, such as automatic data processing machines and units, storage units, digital automatic data processing machines, semiconductor devices, wafers, electronic integrated circuits, flat panel displays, digital program-controlled switching apparatus, radio navigational aid apparatus and remote control apparatus. Manufacture of such components presents abundant opportunities for U.S. firms to get involved in China's 3G campaign.

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