

PEOPLE'S REPUBLIC OF CHINA



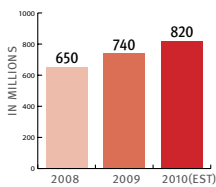
Key Indicators

POPULATION¹: 1,338,612,968 (July 2009 est.)
GDP (PER CAPITA)²: \$6,000USD (2008 est.)
POPULATION DISTRIBUTION 2007³:
Urban—42.3% Rural—57.7%

Telecommunications Market Statistics

SOURCE: TELECOMMUNICATIONS INDUSTRY ASSOCIATION, WILKOFSKY GRUEN ASSOCIATES

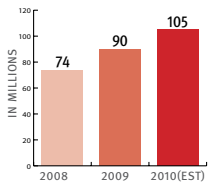
WIRELESS SUBSCRIBERS



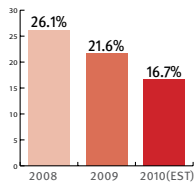
GROWTH OF WIRELESS SUBSCRIBERS



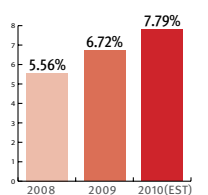
BROADBAND SUBSCRIBERS



GROWTH OF BROADBAND SUBSCRIBERS



BROADBAND PENETRATION RATE⁴

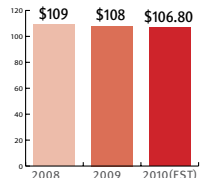


Average National Data Speeds: DSL Downlink speed < 4MHz. Uplink speed is not available.⁵

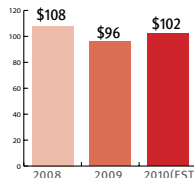
Average Revenue per User per Year⁶

DATA: TELECOMMUNICATIONS INDUSTRY ASSOCIATION, WILKOFSKY GRUEN ASSOCIATES

BROADBAND



WIRELESS



Major Service Providers

COMPANY (STATE OWNED ENTERPRISE)	SERVICES
China Telecom	Fixed and Mobile (CDMA and cdma2000®)
China Mobile	Mobile (TD-SCDMA and TD-LTE deployment in 2010)
China Unicom	Fixed and Mobile (GSM, WCDMA)

This report was written by TIA's International and Government Affairs policy staff and will be updated on a yearly basis. For more information, please contact Nick Fetchko at NFetchko@tiaonline.org.

ANALYSIS

China continues to be an important yet complex market for the information and communications technology (ICT) industry. China is the largest ICT market in the world, and, in terms of current revenue, is the largest in the Asia Pacific region, valued at \$325 billion in 2008. Over the next four years it is expected to expand at a projected 5.1% compound annual rate to \$397 billion.

In 2008, China restructured its telecommunications market to increase competition in the wireless market, spur investment in 3G infrastructure, and improve the capital base for wireline operators, whose subscriber base is steadily declining. Investment in the wireless market continues to grow. In 2009, wireless penetration in China stood at only 55 percent, yet China was already the world's largest handset market, with revenues of approximately \$42 billion in 2008.

Since 2001, China has spent more than \$200 billion on upgrading and expanding its wireless and fixed-line infrastructure. Over the next four years, the Chinese government is expected to invest an average of \$27 billion annually on additional network infrastructure. This will be matched by planned investments by China Unicom (\$15 billion), China Telecom (\$12 billion) and China Mobile (\$4.5 billion). In addition, in November 2008 China passed an economic stimulus plan of approximately \$586 billion, of which approximately \$54 billion (9.3%) will be, in part, invested in 3G networks, next-generation Internet, and digital television. The money will also be used to stimulate demand by expanding universal service, mobile phones (with preference given to China's homegrown TD-SCDMA mobile standard), and personal computers to the rural market.

POLICY ISSUES

While China is the world's largest and one of the fastest-growing markets, it has increasingly demonstrated a proclivity to create barriers to market access through technology mandates and other policies that favor domestic manufacturers over foreign ones. Stemming from its initiative to spur indigenous innovation, these market access issues have become a continuous source of concern to manufacturers and developers of information and communications technologies.

HOW TIA CAN HELP

As a result of China's importance in the global ICT marketplace, TIA devotes significant resources to the monitoring of and advocating on policy issues in China. TIA's work is significantly enhanced by its support of United States Information Technology Office (USITO) located in Beijing, which provides TIA and its members a unique and important tool to understand and influence ICT policy making in China.

To assist its members remove trade and regulatory barriers and improve access to the Chinese market, TIA advocates for the liberalization of the telecommunications market to promote competition and speed the deployment of new technologies into the Chinese market. Activities include:

- ▶ **Leveraging TIA's position** on the USITO Executive Committee to influence USITO activities.
- ▶ **Specific issue advocacy** with the U.S. and Chinese governments through meetings and roundtable discussions.
- ▶ **Annual filings with the U.S. Government—National Trade Estimate, 1377 Report**—and submitting member input to important U.S.-China meetings such as the Strategic and Economic Dialogue (SED) and the Joint Commission on Commerce and Trade (JCCT).